

ITEM NO.	SUBJECT	REF
	DC29-CONSOLIDATED FINAL MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2020/21 TO 2022/23	

REPORT TO: COUNCIL  
 DATE: 18 JUNE 2020  
 DIRECTORATE: FINANCE  
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## A. PURPOSE

To table before Council for consideration, the final Medium Term Revenue and Expenditure Framework for 2020/2021, 2021/2022 and 2022/2023 in terms of Section 16 of the Municipal Finance Management Act, No 56 of 2003.

## PART 1 – ANNUAL BUDGET

### 1.1 MAYOR'S REPORT

In terms of Section 16 of the Municipal Finance Management Act, No 56 of 2003, the Mayor must table before Council for approval, the Medium Term Revenue and Expenditure Framework.

### 1.2 RESOLUTIONS

#### THAT

- The Council consider in terms of Section 24 of the Municipal Finance Act, 56 of 2003, the **Annual Budget** of the Municipality for the Financial year 2020/2021; and indicative allocations for the two projected outer years 2021/2022 and 2022/2023; as set out in the A Schedules annexured hereto as follows:

Table A1: Budgeted Financial Performance (Revenue and Expenditure by standard classification)
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Table A9: Asset Management
Table A10: Basic service delivery measurement

It should be noted that in respect of Capital Expenditure Estimates:

- Instances where information has been provided in terms of Section 19(2) (b) of the Municipal Finance Management Act No.56 of 2003, the consideration of capital budget constitutes projects consideration for the specific projects as reflected in the detailed capital budget. Where information in terms of section 19(2) (b) is not provided, specific project approval be sought from council during the course of the year.
- That Council consider draft amendments to its **Tariffs of Charges** as depicted on the schedule annexed hereto and marked as **Annexure B**.
- That the Draft Budget related policies be noted with the respective amendments.
  - Fixed Assets Management Policy
  - Inventory Management Policy
  - Unauthorized, Irregular, Fruitless & Wasteful Expenditure Policy
  - Borrowing Policy
  - Funding and Reserves Policy
  - Long Term Financial Planning
  - Infrastructure, Investments and Capital Projects
  - Petty Cash Policy
  - Austerity measures policy
  - Banking, Cash Management & Investments Policy
  - Accounts payables policy
  - Budget Policy
  - Credit Control & Debt Collection Policy
  - Indigent Management Policy
  - Supply Chain Management Policy
  - Virement Policy
  - Tariff Policy
  - Payroll Policy
- That the draft tariff of charges for 2020/21 financial year be increased by 9.6% effective from 1 July 2020.
- That Council note the public comments submitted during the public participation process.

- That in compliance with section 22 of the MFMA, the final draft budgets be published in the local press and municipal website.
- That Council note that the draft service delivery and budget implementation plan for the 2020/2021 financial year will be tabled 28 days after the budget has been adopted.

### 1.3 EXECUTIVE SUMMARY

In terms of Chapter 4, Section 16 of the Municipal Finance Management Act, No 56 of 2003, the Draft Annual operational and capital budgets must be tabled by the Mayor at a council meeting on or before 31 March of each financial year to give effect to the public participation process as envisaged in the Municipal Systems Act and the MFMA of 2003. The annual draft budget is tabled at Council as per the requirements of the act, and the public will be afforded an opportunity to comment on the budget through the media advert and public participation meetings.

Section 24 of the MFMA further requires that the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget, as the budget must be approved before the start of each financial year. It is in compliance with these sections that the budget is hereby tabled 90 days prior to the new financial year 2020/2021.

The executive summary report is set out under the following main broad headings:

- Annual budgets:
  - Operating budget summary
  - Capital budget
- Proposed tariff structures
- Measurable performance objectives for revenue
- Municipal entity – Enterprise iLembe
- Service agreements
- New budget regulations and circulars
- Budget related policies
- Public input
- Publication of budgets

As a requirement of the MFMA 56, of 2003 and MSA 32 of 2000, the budget and IDP process plan adopted by the Council in August 2019 has been guiding path and has made possible a highly interactive and consultative process.

The Mid-Year Budget and Performance Assessment report was conducted and presented by the Accounting Officer to the Mayor of the District, who then submitted the performance assessment report to Council for consideration at the end of January 2019 and to the National Treasury and the relevant Provincial Treasury in line with section 54(1) (f) of the MFMA.

Subsequently, Council resolved that a consolidated adjusted budget process should be initiated and tabled for the year 2019/20 financial year for both iLembe District and its entity. The Section 28 adjustments budget was prepared and this impacted most services where cost containment had to be applied to ensure the budget is balanced and funded. The adjustments budget was tabled to Council by His worship, Mayor of iLembe District Municipality on 26 February 2020 in line with section 28 of the MFMA. During this process and where appropriate, funds were transferred from low-to high priority programs so as to maintain sound financial stewardship. A critical review was further undertaken to limit spending on non-core items to align the budget with the District's austerity measures. Approaching the adjustments budget process, a constant consultation with all departments was maintained while considering the Provincial treasury's High Level Assessment on the 2020 Mid-Year budget assessment.

The municipality prepared a second special adjustments budget which its main purpose were as follows:

- Appropriation of additional transfers of grant funding that has become available during the year, specifically for COVID19.
- Adjust the capital budget due to transfers and grants revision of the grant allocated to the municipality as per Government Gazette No. 43180, issued 30 March 2020.
- Appropriate the financial implications of COVID19 and reprioritization where necessary.
- Appropriate any other budget related matters within acceptable provisions of the Act.

Council adopted the special adjustments budget on 28 May 2020. The main items which had a direct impact on the adjustments budget includes Reprioritisation of municipal infrastructure grant (MIG) for mitigating and responding to the spread of covid-19. A budget was set aside with the approval from the Department of Cooperative Governance and Traditional Affairs to prioritize certain project which will guarantee supply of water to vulnerable areas and minimise interruptions.

The implementation of the 2019/20 budget implementation year posed various challenges. These were broadly presented before various committees for deliberation and tabled during the adjustments budget process. Majority of these are of a great concern and have been considered during the 2020/2021 budget preparation process. On a high level, these included the following:

- Steady growth on revenue collection patterns which impacts on the implementation of the budget as expenditure further relies on what is collected at the end of the month.
- Sustainability of the prepaid meters.
- The budget on multi-year funded projects will be adjusted as a result of variance between planning cashflow projections versus and implementation cashflow.
- Delays in the implementation of projects arising from various project management challenges issues;
- Constrained cash flow position whereby there was a risk of other services being temporarily suspended.
- Increase on debtors consumer debtors arising from increased billing.
- A decrease on revenue collection rate due to impact of COVID19, where some consumers were impacted by the state of disaster due to COVID19, whereby their jobs could have been affected.

The aforementioned challenges are reviewed from time to time through deliberations at various structures and strategies are in place to deal with same. Implementation is monitored at the various council portfolio committees. Majority of these challenges will have a direct impact in the 2020/21 budget year.

The budget was published in the local newspapers and municipal website and also placed on the municipal buildings. Public participation meetings were organised in line with Government Gazette No 43147 which states:

#### **Municipal operations and governance**

6.7.1 Municipalities are required to perform various legislated functions, including the passing of budgets and the adoption of integrated development plans (IDPs)

6.7.2 Municipalities are directed to; (a) Comply with the laws prescribing the IDP and budget processes aligned with COVID-19 Regulations. (b) Instead of convening contact meetings, develop electronic and alternative methods of consultation, agreements and approvals for municipal governance planning and budget processes.

The public participation process will be coordinated in accordance with directive provided by National Government considering the current COVID-19 Regulations in terms of Disaster Management Act, 2002: Regulations issued in terms of Section 27(2) of the Act. In this regard the Public Participation will be held in an alternative manner which include taking comments online or from the newspaper advert, this will be communicated in a local newspaper. Where necessary, Council workshop will be conducted to consider the budget related policies in line with the Budget & Reporting Regulations if the regulations on COVID-19 are uplifted. Prior to finalisation, changes on the budget were submitted to the Budget Steering Committee to seek technical input.

The 2020/2021 Medium Term Revenue and Expenditure Framework focuses on the long and short term objectives and priorities of the District as well as outcomes and outputs, based on the following IDP Priorities:

- Basic Service Delivery;
- Municipal Institutional Development and Transformation;
- Local Economic Development;
- Municipal Financial Viability and Management;
- Good Governance and Public Participation;
- Safe and Secure environment;
- Spatial Development Framework Analysis; and
- Environmental Management.

National Treasury's MFMA Circular No 10, 13, 19, 42, 48, 51, 54, 58, 59, 66, 74, 75 and 78, 79, 82, 85, 86, 89, 91, 93 and 94, 98, 99 as well as the Municipal Budget & Reporting Regulations and the Municipal Finance Management Act were used to guide the compilation of the 2020/2021-2022/23 MTREF.

The main challenges experienced during the compilation of the 2020/2021 MTREF can be summarised as follows:

- The increased cost of bulk water which is pushing the tariffs upwards;
- The downturn in the National and Local economy;
- Ageing infrastructure, quality and quantity of drinkable water;
- The need to re-prioritise projects and expenditure within the existing resources envelope given the cash flow realities while maintaining a good level of service;
- Affordability of Capital Projects;
- Revenue growth patterns which impacts on the implementation of the budget.
- Availability of affordable capital or borrowings; and
- Rising and unpredictable fuel, oil and energy prices resulting in challenges on revenue recoveries.
- The need to fill vacant posts to eliminate inefficiencies and improve delivery of services.

The main areas that affected how this budget should be structured;

- ✓ The affordability of the cost-reflective tariff per kilo litre calculation (cost based tariffs) which is not passed on to the consumers;
- ✓ The effects comprising of benefits and challenges on reinstatement of the sewer tariff structure, property value based tariffs, compared to the cost reflective tariff/ water consumption based tariffs, and benefit and the impact on collection patterns;
- ✓ Review of revenue generation calculation projections to ensure that all contributing factors are taken into account;
- ✓ Proposal of 9.6 % tariff increase.
- ✓ Furthermore, a reduction of various variable operating expenditure items was kept at a minimum to match with the low tariff increase of 9.6 % and the consumer price index as per the National Treasury's MFMA budget Circular.
- ✓ During the adjustments budget process, the Municipal Entity, Enterprise iLembe's grant allocation was slightly reduced in order to align its expenditure to the current austerity measures in place in the District;
- ✓ The municipal fleet contract was concluded in the middle of the 2019/20 financial year, this budget will bear the financial impact of the new municipal fleet;
- ✓ The need to provide for COVID19 expenditure in the 2021 financial year.
- ✓ The ceasing of the Regional Bulk Infrastructure Grant allocation which impacts on the continuation of the projects already in implementation.

- ✓ The process of the security contract currently in the bidding process.

### Operating Budget Summary

The proposed operational budget contains detailed information for the 2020/2021, 2021/2022 and 2022/2023 indicative financial years and is summarised below:

DC29 iLembe - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>										
Service charges - water revenue	70,191	94,062	116,120	138,196	154,116	154,116	167,768	177,834	188,504	
Service charges - sanitation revenue	66,446	36,189	37,020	40,646	43,152	43,152	45,934	48,690	51,611	
Rental of facilities and equipment	85	76	107	128	127	127	22	23	24	
Interest earned - external investments	3,108	8,360	13,105	4,722	13,812	13,812	14,761	15,565	16,415	
Interest earned - outstanding debtors	18,998	15,452	25,769	35,706	35,602	35,602	39,020	41,361	43,843	
Fines, penalties and forfeits		380	153	728	364	364	399	423	448	
Licences and permits			22	19	21	21	24	25	26	
Agency services		2,141	1,785	1,953	1,953	1,953	2,149	2,277	2,414	
Transfers and subsidies	385,967	519,749	520,939	594,358	674,982	674,982	613,309	680,262	736,132	
Other revenue	17,774	24,223	27,484	42,352	27,919	27,919	29,384	29,772	30,489	
<b>Gains</b>					1,890	1,890				
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>562,569</b>	<b>700,633</b>	<b>742,504</b>	<b>858,810</b>	<b>953,937</b>	<b>953,937</b>	<b>912,768</b>	<b>996,232</b>	<b>1,069,906</b>	
<b>Expenditure By Type</b>										
Employee related costs	185,750	201,322	220,780	264,463	242,774	242,774	274,983	294,078	314,131	
Remuneration of councillors	8,584	8,406	8,604	10,941	9,450	9,450	9,819	10,506	11,242	
Debt impairment	40,241	41,676	65,022	29,421	13,721	13,721	18,301	19,142	20,023	
Depreciation & asset impairment	90,431	82,953	106,408	85,912	87,102	87,102	81,631	85,391	89,325	
Finance charges	9,977	10,566	8,175	12,403	11,357	11,357	12,691	10,938	9,591	
Bulk purchases	75,803	86,506	150,578	132,057	168,070	168,070	216,200	247,820	287,602	
Other materials	31,958	—	19,557	25,178	6,650	6,650	23,668	24,254	24,868	
Contracted services	54,326	139,880	131,937	143,025	239,351	239,351	152,887	173,985	178,549	
Transfers and subsidies	7,363	—	—	—	—	—	—	—	—	
Other expenditure	103,937	106,297	122,790	152,150	171,044	171,044	118,949	121,154	126,729	
<b>Losses</b>	<b>824</b>	<b>391</b>	<b>6,290</b>	<b>—</b>	<b>200</b>	<b>200</b>	<b>63</b>	<b>66</b>	<b>69</b>	
<b>Total Expenditure</b>	<b>609,194</b>	<b>677,996</b>	<b>840,141</b>	<b>855,550</b>	<b>949,718</b>	<b>949,718</b>	<b>909,190</b>	<b>987,335</b>	<b>1,062,129</b>	
<b>Surplus/(Deficit)</b>	<b>(46,625)</b>	<b>22,636</b>	<b>(97,636)</b>	<b>3,260</b>	<b>4,219</b>	<b>4,219</b>	<b>3,578</b>	<b>8,897</b>	<b>7,777</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		376,948	289,524	286,105	301,596	292,546	292,546	225,228	228,341	244,693
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		—	—	—	—	—	—	—	—	
Transfers and subsidies - capital (in-kind - all)					9,641	9,641	—	—	—	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>330,323</b>	<b>312,161</b>	<b>188,469</b>	<b>304,856</b>	<b>306,405</b>	<b>306,405</b>	<b>228,806</b>	<b>237,238</b>	<b>252,470</b>	
<b>Taxation</b>										
<b>Surplus/(Deficit) after taxation</b>	<b>330,323</b>	<b>312,161</b>	<b>188,469</b>	<b>304,856</b>	<b>306,405</b>	<b>306,405</b>	<b>228,806</b>	<b>237,238</b>	<b>252,470</b>	
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>330,323</b>	<b>312,161</b>	<b>188,469</b>	<b>304,856</b>	<b>306,405</b>	<b>306,405</b>	<b>228,806</b>	<b>237,238</b>	<b>252,470</b>	
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>330,323</b>	<b>312,161</b>	<b>188,469</b>	<b>304,856</b>	<b>306,405</b>	<b>306,405</b>	<b>228,806</b>	<b>237,238</b>	<b>252,470</b>	

The overall operational revenue budget in the 2020/21 amounts to R 912.7 million and the operational expenditure amounting to R 909.1 million.

Operations are thereby budgeted to achieve a net surplus of R 3.5 million for 2020/21; R 8.9 million and R 7.7 million for 2021/22 and 2022/23 respectively.

The total surplus including capital transfers and contributions for 2020/21 amounts to R 228.8 million; and the two indicative years amount to R 237.2 million and R 252.4 million for 2021/22 and 2022/23 respectively.

During the public participation process the following were changes effected to the budget:

#### **Revenue**

Between the draft budget and the final revenue increased by R 8.2 million. The changes are as follows.

- An addition of R 11 million related to Water tankers water distribution to schools due to implications of COVID19.
- Increase of budget provision for free basic services by a total of R 4 million from R 1.2 million on the Draft Budget to R 4 million;
  - R 2.5 m water
  - R 1.5m sanitation
- An additional grant of R 4.4 million for Business Support and Technical Skills funded by MICT SETA for Enterprise iLembe.

#### **Expenditure**

Between the draft budget and the final, the expenditure by R 8.4 million. The changes are as follows:

- Provision for COVID19 expenditure amounting to R 7.3 million for direct costs, such as procurement of PPE and other operational costs. This budget however excludes the employee related costs and water provision for COVID19 which forms part of the normal budget items.

There was a need to identify funds from the budget to fund the above expenditure; as a result the following items were affected:

- Contracted Services items adjusted with minor amounts includes electrical and reticulation repairs.
- Depreciation was adjusted by R 2.8 million as per the latest calculation.

It should be noted however that there are items which have been under budgeted due to a need to balance the budget. Monitoring of the budget should be strengthened in order to ensure sustainability and overspending on the budget.

### **OPERATING REVENUE FRAMEWORK**

The following budget principles and guidelines directly informed the compilation of the 2020/2021 MTREF:

- As a base, for incremental budget items, the 2019/2020 Adjustment budget estimates and targets, as well as the base line allocations contained in that adjustment budget were adopted as the upper limits for the new baseline for the 2019/2020 budget then incorporating the tariffs and rates where applicable.
- Service level standards were used to inform the measurable performance objectives, targets and backlog eradication;
- That tariff increases must be affordable and be measured against the cost of bulk water. It must be noted however that the proposed tariff is aligned to the bulk water tariff, which assists in bringing water into the final consumer but has not been aligned to cost reflectiveness. Although tariffs need to remain or move towards being cost reflective a balance should be created for affordable services to consumers at the same it should take into account the need to address infrastructure backlogs and maintenance thereof; and
- That all grant funded projects will only be implemented provided that a written confirmation in the form of Division of Revenue Act ("DORA") or otherwise is available and gazetted.
- The District will primarily make use of conventional metering system, and maintains the fact that some areas still utilise the prepaid meters.
- The supply of water to schools without water supply

With the downturn on the economy resulting in a burden to consumers, Service charges tariffs are proposed to increase by 9.6%. An assessment of the consumer affordability of tariffs was also considered.

## Operating Income

### a) Service Charges Revenue

#### **Tariff Increases on Service of Charges**

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. **The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band**; therefore, municipalities are required to justify all increases in excess of the projected inflation target for 2020/21 in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition, municipalities should include details of their revenue growth assumptions for the different service charges in the budget narrative.

Furthermore, it must also be noted that the consumer price index "CPI", *is not a good measure of the cost increases of goods and services relevant to municipalities*. The basket of goods and services utilised for the calculation of the CPI consists of items such as food, petrol, and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water and electricity, plumbing/construction material, chemicals etc.

The current challenge facing the District is to manage the gap between cost drivers and tariffs levied. Any shortfall must be made up by either operational efficiencies or service level reductions and maintenance of infrastructure. It should be noted that electricity costs contribute significant portion of waste water treatment input costs, therefore higher than the CPI. To be specific, the district has not considered other direct costs to the tariffs, but has only increased by 9.6% which is the tariff charged by Umngeni. The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. However, at the time of this draft budget there was no determination by NERSA since the impasse around Eskom's application.

While the court case between NERSA and Eskom is still pending, municipalities should use the tariff increases previously (March 2019) approved by the regulator of 8.1 per cent for 2020/21, 5.2 per cent 2021/22 and 8.9 per cent for 2022/23. This may still be higher considering the current power problems.

i. – Water

This budget relates to billing of consumers for water. The proposed budget on water service charges amounts to a net of R 167.7 million (2019/20: R145.6 million). The cost of providing free basic services is budgeted at R 2.5 million in the MTREF netted off from water service charges revenue. The basis of this calculation is the increase on tariff of charges by 9.6% and various strategies are in place to improve billing. The R 167.7 million is a net after adjusting for free basic water services from operating expenditure classification to revenue classification, so as to off-set the revenue as required by MFMA Circular 79; see below for as per the budget tables specifically;

DC29 iLembe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22
<b>Revenue By Source</b>								
Service charges - water revenue	70,191	94,062	116,359	138,196	154,116	167,768	177,834	188,504
Service charges - sanitation revenue	66,446	36,189	36,782	40,646	43,152	45,934	48,690	51,611
<b>Total Service Charges</b>	<b>136,637</b>	<b>130,251</b>	<b>153,141</b>	<b>178,843</b>	<b>197,267</b>	<b>213,702</b>	<b>226,524</b>	<b>240,115</b>

This budget is fairly achievable, considering the 2018/19 audited AFS closed with a billing amounting to R 116.3 million, when compared to previous financial year this shows a 44% increase. Amongst various factors contributing to an improved billing is data cleansing, performed on a continuous basis and has reaped great result. The District cleanse its debt book through various mechanism, others which involves working with Local Municipalities. This item will be further improved by the different mechanism of reading meters using electronic devices which started in the 2019/20 financial year, thereby increases efficiency and effectiveness while enhancing revenue.

The municipality continues to encourage people who qualify for indigent to come forward to register. The number of people accessing this service has decreased as compared to prior years. There is a process currently done under the Vuthela Programme to align the Local

Municipality's indigent registers with the districts. The 2021 final budget will enforce more measures on meter reading, this will be done internally by the IDM meter readers and external meter reading services.

## ii. Service Charges Revenue – Sanitation

The sewer service charges is budgeted to be R 45.9 million (2019/20: R 43.1 m).

DC29 iLembe • Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework			
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>									
Service charges - water revenue	70,191	94,062	116,359	138,196	154,116	167,768	177,834	188,504	
Service charges - sanitation revenue	66,446	36,189	36,782	40,646	43,152	45,934	48,690	51,611	
<b>Total Service Charges</b>	<b>136,637</b>	<b>130,251</b>	<b>153,141</b>	<b>178,843</b>	<b>197,267</b>	<b>213,702</b>	<b>226,524</b>	<b>240,115</b>	

When compared to the 2019/20 budget year, the final budget proposes comes with an increase of R 3 million and is attributable to the following:

- The 2021 tariff increase on sewer charges.
- This amount is a net of free basic sewer services from operating expenditure which amounts to R 1.5 million under the Revenue classification to comply with the MFMA circular.
- The basis of sewer tariff used on the final budget property valuation as per Annexure B.

### b) Rental of facilities and equipment

This item relates to hiring of the District's Auditorium to the public. The total provision on this item is a consolidated R 22 thousand. The budget for Rental of facilities and equipment has decreased from R127 000 in the 2019/20 Adjustments Budget to R22 000 in the 2020/21 financial year. The municipality assessed the income realised over the years under this item and has resolved in decreasing it due to low collection. Furthermore, the item was affected by the COVID19, where the auditorium was not being booked.

**d) Interest Earned on external Investments**

Interest on investments are budgeted at R 14.7 million (2019/20 R 13.8 m). This refers to the combination of monies invested by the municipality as well as its entity on various financial institutions both on call and fixed investments deposit accounts as well as interest on outstanding debtors. Interest is earned from grants received by the municipality from the DoRA allocation. The 2018/19 audited AFS had reported R 12.2 million, this hereby confirm the target on this item. The list of investments has been reflected on table SA16.

**e) Interest earned on outstanding debtors**

Interest on outstanding debt is proposed at R 39 million (R 35.6 million: 2019/20). Interest on outstanding debtors is directly linked to the debtors' book. From 2018/19 financial year to 2019/20, the debt book rose extremely due the increase arising from an improved billing. As of February sitting at a gross of R 390 million. Considering such huge debt book mostly dominant by the old debt, interest has been increasing simultaneously. It should be stressed that, the current financial distress facing the country will have a negative impact to the collection of revenue, this should however not be used as an excuse not to pay for services rendered.

Furthermore, the municipality's billing continue to improve, arising from various activities involving billing areas which were not previously billed, investigating and replacing dysfunctional which were prepaid meters and start billing them. The increase on debtors has a bearing on the consumers, however the municipality continuous embarking on various plans and activities to improve the collection rate, and more measures will be introduced to help consumers pay for services. Although it appears as if the interest should be adjusted low on the 2021 budget, various factors affects the budget, one being the impact of COVID19 on the debt book.

**f) Fines and Penalties**

Fines and penalties is an item related to compliance/ non-compliance, for example illegal connections, tampering fees. The provision on this item is R 399 thousand. This is in line aligned to the enforcement of the credit control policy. Strict measures will be enforced in the 2021 financial year in line with measures taken to improve the meter reading process whereby meters are now read through meter reading devices. Furthermore, additional meter reading services will be procured, as a result revenue from this item will improve.

### g) Agency Services

Revenue from agency budget amounts to R 2.1 million (2019/20: R 1.9 million). This category of item is in relation to fees collected from concession fees (Siza Water).

### h) Transfers Recognised – Operational

The transfers' recognised Operational budget amounts to R 608.8 million (2019/20: R 632.4 m). The budget on this item is in line with the Division of Revenue Act, Gazette of 2020. Between the draft budget and final budget, the increase on other revenue is R 4.2 million, to be received from MICT SETA for The main items as per supporting tables (SA1) tables are as follows.

DC29 iLembe - Supporting Table SA18 Transfers and grant receipts

Description R thousand	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Budget Year		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	2020/21	+1 2021/22	+2 2022/23
<b>RECEIPTS:</b>							
<b><u>Operating Transfers and Grants</u></b>							
National Government:	460,250	515,603	593,808	619,927	608,846	680,262	736,132
Local Government Equitable Share	419,734	468,670	516,503	516,503	566,794	623,486	680,793
Finance Management	1,250	1,000	1,000	1,000	1,000	1,000	1,000
DEPT OF LABOUR UIF GRANT			40,880	50,297	—	—	—
WSIG OPERARING Funded (VIP TOILETS)	10,000	—		10,000	—	—	—
WSIG OPERARING Funded (VIP TOILETS)					11,550	23,959	25,382
Rural Transport Services and Infrastructure	2,266	2,271	2,406	2,406	2,281	2,417	2,557
Energy Efficiency and Demand Management	—	7,000	10,000	10,000	3,000	3,000	—
EPWP OPERATING GRANT	1,000	1,731	2,019	2,019	4,746	—	—
DEPT OF LABOUR UIF GRANT	—	13,781					
MIG OPERATING Funded (VIP TOILETS)	26,000	21,150	21,000	27,702	19,465	26,400	26,400
Provincial Government:	—	15,000	550	2,200	—	—	—
Development Planning Shared Services - COGTA			550	550			
KZN COGTA GRANT - Wi-Fi, Biomass, Mini Factories		10,000			1,000		
District Imagery Grant				650			
Spatial Dev. Framework Grant							
SIBHUDU CAVES AND KWASHUSHU HOTSPRING		1,200					
CORRIDOR DEVELOPMENT PROGRAMME		1,000					
RASET PROGRAMME - OPEX		2,800					
Other grant providers:	—	700	—	—	—	—	—
Maphumulo Integrated Energy Grant		700					
SIBHUDU CAVES AND KWASHUSHU HOTSPRING - MAP CONTR		350					
<b>Total Operating Transfers and Grants</b>	<b>460,250</b>	<b>531,303</b>	<b>594,358</b>	<b>622,127</b>	<b>608,846</b>	<b>680,262</b>	<b>736,132</b>
<b><u>Capital Transfers and Grants</u></b>							
National Government:	391,626	343,299	301,596	284,894	225,228	228,341	244,693
Municipal Infrastructure Grant (MIG)	178,126	167,353	171,596	164,894	171,778	182,300	195,075
Regional Bulk Infrastructure	145,000	75,446	35,000	35,000			
Energy Efficiency and Demand Side Management Gr	6,000	—					
WSIG	62,500	100,500	90,000	80,000	53,450	46,041	49,618
YEP GRANT PROJECTS			5,000	5,000			
<b>Total Capital Transfers and Grants</b>	<b>391,626</b>	<b>343,299</b>	<b>301,596</b>	<b>284,894</b>	<b>225,228</b>	<b>228,341</b>	<b>244,693</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>851,876</b>	<b>874,602</b>	<b>895,954</b>	<b>907,021</b>	<b>834,074</b>	<b>908,603</b>	<b>980,825</b>

### i) Other Revenue

This category includes various revenue items and is budgeted a total of R 29.3 million (2019/20: R 30.8 m).

DC29 iLembe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>REVENUE ITEMS:</b>								
<b>Other Revenue by source</b>								
INTEREST ON CURRENT ACCOUNT								
TENDER DOCUMENTS	124	460	200	314	603	661	701	743
Water: Connection/Disconnection, Commission Transaction								
Handling Fee	3,408	4,419	2,168	24	107	114	121	128
INSURANCE PROCEEDS & LG SETA	191		388	466	801	435	155	165
CLEARANCE CERTIFICATE	1,084	1,312	1,575	1,808	2,150	1,857	1,968	2,086
Private Developer KwaDukuza	2,028	-	237	3,951	3,951	4,330	4,590	4,866
DOE	1,805		21,372	30,494	14,623	17,712	17,716	17,720
MAPHUMULO SITES TRANSFERS REG-ROLLOVER				1,200	1,200			
Incidental Revenue - KwaDukuza Municipality					593			
Insurance Claims					54			
Biomass Income/Phambili Energy					662			
Rental Recoveries					-			
SASA					22			
Business Support and Technical Skills MICT SETA Revenue	9,056	18,031				-		
Maphumulo Wi-Fi Fee						204	214	224
Incidental Revenue - EI			779			700	733	768
nursery - EI			368			-	-	-
Forex gain/(loss)	76		22					
155 015865 (shared services)				3,108	3,108	3,326	3,526	3,737
Administrative handling fees				23	23	25	27	28
Sale of Produce (produce from Tunnels)				900				
Wine Sales			64	63	20	21	22	23
<b>Total 'Other' Revenue</b>	<b>17,774</b>	<b>24,223</b>	<b>27,484</b>	<b>42,352</b>	<b>27,919</b>	<b>29,384</b>	<b>29,772</b>	<b>30,489</b>

Other revenue is mainly attributable to the grant by Department of Education funding the National School's Nutrition Programme. The current cost per child for the NSNP project (0, 04), which impacts on the delivery of the service as costs go up in everything else including costs of vegetables and fruits, as well as transportation costs. The transporters contracted to deliver the commodities to schools have been paid the same rate for a consecutive three years; The increase is due to an additional mandate the entity has been given by DOE to supply amasi to schools as part of the NSNP project. An additional allocation of R12m has been made available. The year to date expenditure on the programme was at 92% as at the end of May 2020. The NSNP budget was however reviewed in line with the National Lockdown and the closure of schools. An amount of circa R 3, 1m in respect of the April and May feeding months. As a result of uncertainty around the opening of schools, the month of June has not been adjusted for.

The private developers' contribution is based on the future developments within the district. Where there new developments, such will be catered on the adjusted budget.

## **OPERATING EXPENDITURE FRAMEWORK**

In preparation of the 2020/21 – 2022/23 MTREF, the following were considered:

- Balanced budget constraints which means that operating expenditure should not exceed operating revenue unless there are existing uncommitted cash-backed reserves to fund any shortfall or deficit;
- Funding of the budget over the medium-term as informed by section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- Strict adherence to the principle of "no project plans no budget". If there is no business plan thus no funding allocation can be made;
- The implementation of austerity measures on municipal operational expenditure; and
- There are limited number of items in the budget, the budget was partly based from the adjustments budget amounts by effecting the CPI where applicable, while maintaining the budgeting principle of zero based budget;
- Extreme increase in the Umngeni water tariff, currently being 9%;
- The high cost of fuel due to the municipal fleet acquired in the 2019/20 financial year;
- The COVID19 expenditure for procurement of PPE and other compliance related expenditure as per the regulations.

When compared to the adjusted budget, the final 2021 operational expenditure budget decreased by 4% overall. This decrease is mainly attributable depreciation, contracted services mainly on water tanker services and other expenditure items. Although there is an inflationary increase of 4.5% as per the MFMA Budget Circular no. 99, increase on bulk purchases of 9.6% which was above CPI and the salary increase at average of 6.5% the budget has been structured to observe the austerity measures, and such must be applied during implementation which should be reported throughout the year at various Council structures. The 2019/20 budget was already constrained, and cost cutting measures were applied during implementation. In the medium term, the municipality will continue applying and monitoring cost containment to be monitored through various Council structures.

**a) Employee related cost**

- The consolidated (inclusive of the municipal entity) employee related cost is budgeted at R 274.9 million (2020: R 247.4 million). An estimated as average for salary increase as Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 (Annexure D), increase based on 5% percentage for 2020/21, plus one comma five percent (1.5), resulting to an average of 6.5%. Furthermore this budget has provided for vacant posts that were to be have been filled during the 2019/20 financial year.
- Supporting tables SA22 provides the expenditure on employee related costs. The total employee related costs plus councillors represent 31% of the total operating expenditure. This percentage is within the 30-40% threshold as required on MFMA Circular 71.
- The workings on employee related costs reflects an increase of 11%, this is not next year's increment but the % includes the 6.5% salary increase plus the vacant posts amounting to R9.1 million anticipated to be filled in the next financial year 2021. The number of posts is estimated at 107 posts which is mainly dominated by heavy duty drivers and heavy duty driver's assistants. Filling of the posts will be determined by the cash flow positions which is impacted by various factors, however these are budgeted for 12 months. The process for the Senior Manager Community Services post has been advertised in the current financial year 2019/20, based on the HR processes, the post will possibly be filled in the new financial year starting in July 2020.

**DC29 iLembe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'**

Description	2016/17	2017/18	2018/19	Budget Year 2019/20		2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>								
<b>Employee related costs</b>								
Basic Salaries and Wages	129,368	128,652	147,954	175,614	158,477	177,921	190,223	203,006
Pension and UIF Contributions	24,917	16,672	28,306	27,437	20,469	29,286	31,336	33,530
Medical Aid Contributions		10,447	11,121	14,078	12,307	13,044	13,957	14,934
Overtime	5,845	5,728	6,449	8,914	11,598	9,039	9,672	10,349
Performance Bonus	9,901	9,589	10,907	11,250	12,076	12,898	13,801	14,767
Motor Vehicle Allowance	7,068	5,142	6,431	6,722	5,724	6,264	6,703	7,172
Cellphone Allowance		1,386	1,506	1,870	1,444	1,606	1,719	1,839
Housing Allowances	1,440	959	587	1,437	821	1,108	1,185	1,268
Other benefits and allowances	5,641	17,026	3,268	3,990	14,919	7,993	8,551	9,150
Payments in lieu of leave		3,854	3,173	12,886	9,135	14,873	15,914	17,029
Long service awards	1,570	734	1,079	264	504	951	1,017	1,088
Post-retirement benefit obligations		1,133						
<b>Total Employee related costs</b>	<b>185,750</b>	<b>201,322</b>	<b>220,780</b>	<b>264,463</b>	<b>247,474</b>	<b>274,983</b>	<b>294,078</b>	<b>314,131</b>

**b) Remuneration of councillors.**

This item is budgeted at R 9.8 million (2019/20: R 9.4 million). This budget has already considered the Gazette on Determination of Upper Limits December 2019/20 and has resulted on an increase to different salary bands of councillors. The gazette was implemented from December 2019/ January 2020 as per Council's approval. The decrease between 2019/20 and the tabled budget (2020/21) is as a result of alignment of the budget with the rates on the Gazette.

**c) Repairs and Maintenance (including Other Materials)**

This item refers to the costs incurred to bring an asset back to an earlier condition or to keep the asset operating at its present condition. Repairs and maintenance is budgeted at R 54.7 million (2019/20: R 34.9 million). This item is separated into planned/ scheduled maintenance and unplanned maintenance. In terms of Municipal Budgeting and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver, but an outcome of other expenditures such as remuneration, purchases of materials and contracted services. As a result other materials amounts to R 21.3 million and forms part of the total budget under this category. This amount is budgeted for materials used on repairs.

The municipality is mindful of the need to budget for repairs and maintenance according to the acceptable National Treasury guidelines of 8% of the total PPE and the need to restore infrastructure. The provision is currently below norm, being +-2%. Considering the aforementioned financial challenges, hence only R 54.7 million could be afforded on the operational budget, however when the capital expenditure on renewal of existing assets is considered the percentage comes to 4% whereby the replacement/refurbishment costs are to replace/refurbish aged pipelines and pumps. The asset management policy provide directive in terms of asset management plan. Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Council of the Municipality for approval. The item for repairs and maintenance considers the municipality's policy in this regard.

Table A9, the budget provision for the renewal of assets may seem low compared to that required on MFMA circular No. 55, however the capital budget also addresses the refurbishment of old water infrastructure and buildings.

#### d) Debt Impairment

A proposed provision for bad debts totals to R 18.3 million (2019/20: R 13.7 million). Whilst this expenditure is a non-cash flow item, it informs the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenue. This is in compliance with GRAP requirements. The bad debt provision has been calculated based on the 65% revenue collection rate assumption budgeted for 2020/21 financial year and the debtors' book. This is 10% lower than the draft budget submitted to Council in May, with a decrease mainly due to COVID19 to accommodate a potential decrease on the collection.

The closing balance on gross debtors as at end of May 2020 was R 401 million, while the provision for doubtful debt balance as at 31 May 2020 was R 206.8 million, resulting in a net of R 194 million on debtors owing as at the end of May 2020. The audited 2018/2019 financial had no debt being written off, however a report from an expert on debt write off was received in November with regarding doubtful debts that need to be written off in the current financial year. A recommendation report to write off R 54 was approved by Council as per the MFMA. A Further R50 million will be further written off against before the end of 2019/20 Financial year, which will result in a decreased addition to provision for doubtful debt.

The below shows workings which estimates the 2021 net debtors with the provision for doubtful debts.

DC29 iLembe - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description R thousand	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2020/21	+1 2021/22	+2 2022/23
Consumer debtors	271,380	350,681	416,540	342,639	390,000	449,512	498,988	553,485
<u>Less: Provision for debt impairment</u>	(186,560)	(250,342)	(234,715)	(198,897)	(149,384)	(167,684)	(185,827)	(206,850)
<b>Total Consumer debtors</b>	<b>84,820</b>	<b>100,339</b>	<b>181,825</b>	<b>143,742</b>	<b>240,616</b>	<b>281,827</b>	<b>312,161</b>	<b>346,635</b>
<b>Debt impairment provision</b>								
Balance at the beginning of the year	144,859	186,560	207,760	250,265	250,265	149,384	167,684	186,827
Contributions to the provision	41,701	63,782	29,421	13,721	13,721	18,301	19,142	20,023
Bad debts written off			–	(54,603)	(114,603)		–	–
<b>Balance at end of year</b>	<b>186,560</b>	<b>250,342</b>	<b>237,202</b>	<b>209,384</b>	<b>149,384</b>	<b>167,684</b>	<b>186,827</b>	<b>206,850</b>

**e) Depreciation & Asset Impairment**

A proposed provision for depreciation, amortisation and asset impairment amounts to R 81.6 million is informed by the Fixed Asset Policy of the District plus the additional projects to be completed in the 2020/21 financial year. The provision on this item is as per compliance of GRAP 17 accounting standard. It should also be noted that this item is a provisional amount, the actual depreciation and impairment is fully determined at year end. Furthermore, the depreciation for 2019/20 may be affected by a delay on projects due to the National Lockdown due to COVID19. Projects which were to be completed end of June 2020 and start to be depreciated may not be as per planned, as a result the depreciation has been adjusted lower.

DC29 iLembe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2016/17	2017/18	2018/19	Budget Year 2019/20	2020/21 Medium Term Revenue &			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	+1 2020/21	+2 2021/22
<b>R thousand</b>								
<u>Depreciation &amp; asset impairment</u>								
Depreciation of Property, Plant & Equipment	90,431	82,953	106,408	85,912	87,102	73,450	76,835	80,375
Lease amortisation						2,911	3,044	3,184
Capital asset impairment						5,270	5,512	5,766
<b>Total Depreciation &amp; asset impairment</b>	<b>90,431</b>	<b>82,953</b>	<b>106,408</b>	<b>85,912</b>	<b>87,102</b>	<b>81,631</b>	<b>85,391</b>	<b>89,325</b>

**f) Finance Charges**

Finance charges consists primarily the repayment of interest on long-term borrowings and interest related to the fleet contract to be acquired through an instalment lease agreement sale and accounted as finance leases as per GRAP standards. The interest budget is proposed at R 12.6 million (2020: R 11.3 million). This provision considers interest charged on the lease of municipal fleet and interest charged on borrowings. Borrowings to be maintained in the 2021 is made up of the borrowing from DBSA which appears on A6. No new loans are anticipated by the municipality in the MTREF, however due to the recent fleet lease contract, more interest will be realised.

### **g) Bulk Purchases (Water)**

The budget for bulk purchases is appropriated at R 216.2 million (2019/20: R 170 million). The increase on bulk purchases is attributable to the tariff increase of 9.6% from Umngeni Water. The CPI stands at an average of 4.5% on the MTREF, however the Umngeni water is proposed at 9.6%, clearly this is more than the CPI, furthermore, the provision of our water has been set for only 9.6%, which means no mark-up is transferred to consumers above the cost of input from Umngeni. This does pose a negative impact in the cost of bulk water supply, particularly the purchasing of water from Umngeni Water is escalating beyond affordability. Water Bulk purchases keep growing at an enormous rate, the municipality is still expected to maintain the balance between providing affordability municipal services when charging consumers, while ensuring it keeps its tariff cost reflective in order to ensure that there is sustainability.

MFMA Circular no. 99, states, "Cost reflective tariff setting is a requirement of Section 74(2) of the Municipal Systems Act, 2000 (Act No.32 of 2000) which states that tariffs must "reflect the costs reasonably associated with rendering the service". This is meant to assist municipalities to generate sufficient revenue to fully recover their costs, deliver services to customers sustainably and invest in infrastructure that promotes local economic development.

Although municipalities are required to adopt a tariff setting methodology that achieves an appropriate balance between the interests of poor households and other customers while ensuring financial sustainability of the municipality. It should be noted that the municipality does not break even with such high tariff increases, however it contains the burden not to be passed on to consumer considering the subdued economic situation in the country.

The anticipated expenditure for the period ended 31 December 2019 was R 66 million, while the actual expenditure for the period amounted to R 90.4 million (December 2018 – R 63.8 million), this resulted in a 37% variance above anticipated half year expenditure. It should be noted that item is the main cost driver on provision water. The variance is mainly attributable various factors such as :-

- Increase in new connections and the cost of providing water supply to consumers.
- Indirectly, water losses has an impact on this item. The municipality faces a high level of non-revenue water and real losses currently sitting at 60% and 35% respectively.

There is currently a project dedicated to reduce water losses, improve service delivery and eradicate services backlogs increasing revenue while decreasing the extent of the Non-Revenue water. The total budget allocated to Water Conservation and Demand Management amounts to R 27.3 million where various activities will be performed. A 5 year- Master Plan will also be drafted from this programme. To date, 71 bulk water meters have been verified, mainly for Ndwedwe, KwaDukuza and Maphumulo.

- Furthermore, the proposed budget has allocated R 11.5 million for Water Demand and Conservation to material minimise water losses.

#### **Capital Unit Charges (CUC)**

In the 2018/19 financial year iLembe District Municipality resolved to commence with repayments towards the capital unit charges towards the Spring Grove Dam and budget provision was accordingly made. The agreement between the Municipality and Umngeni was however not signed by both parties, Umngeni being the creditor and the subject matter is awaiting the outcome of the Department of water and sanitation. The matter has reached consensus and Payment will commence in the 2020/21 financial year, as a result the bulk purchases budget is inclusive of the CUC costs. Provision is made in this budget and will also be provided for in future estimates to continue paying off the capital unit charges.

#### **h) Contracted Services**

This item refers to contracted services, and has been appropriated at R 152.8 million (R 239m: 2019/20). All existing contracts have been provided for on the budget. Table SA1 provides a list of all contracted services i.e. security services, plant hire, vehicle hire, printing rentals, etc. This refers to all contracted services to other parties that provide services on behalf of the district and its entity. Furthermore this category includes contracted services for handling repairs and maintenance.

DC29 iLembe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20		2020/21 Medium Term Revenue & Expenditure		
					Budget Year 2020/21	Budget Year +1 2020/21	Budget Year +2 2021/22	Budget Year +3 2022/23	Budget Year +4 2023/24
R thousand									
Contracted Services									
ENTERPRISE CONTRACTED SERVICES			8,364	16,060	7,537	6,473	6,772		
VIP TOILETS	28,532	20,863	21,261	32,784	16,926	22,957	22,957		
AFS HIGH LEVEL REVIEW			200	150	150	150	150		
AIR QUALITY MANAGEMENT PLAN			800	200	450	471	492		
ANALYSIS OF WATER AND EFFLUEN		7,685	7,657	6,600	7,500	7,845	8,208		
ANTICORRUPTION HOT LINE			100	70	200	209	219		
AUDIT COMMITTEE		299	300	210	300	314	328		
Buildings		1,188	1,151	500	750	785	821		
Business Continuity Plan Testing					150	157	164		
CALL CENTRE MANAGEMENT SYSTEM			1,299	1,504	1,504	1,573	1,646		
Catering		644	1,172	699	1,691	1,769	1,850		
CLEANING SERVICES & HYGIEN SERVICES		993	1,135	847	930	973	1,018		
COGTA - Biomass Mini Factories Wi-fi		2,667							
consulting asset management		476	1,265	800	800	837	875		
CONSUMER DATA ANALYTICS		636	800	336	565	591	618		
Contracted Services - ENTERPRISE ILEMBE	23,049								
CONVENTIONAL METERS		1,182			1,500	1,550	1,650		
COVID19 CONTRACTED SERVICES				2,416	7,010	7,356	7,717		
DEBT COLLECTION COMMISSION				200	1,000	1,046	1,094		
DESLUDGING OF VIP TOILETS				70	70	73	77		
DISASTER EQUIPMENT MAINTENANCE					89	94	98		
DISASTER RECOVERY	245								
DISASTER RISK REDUCTION			199	41	51	64	67		
District Satellite Map				870					
EED OPERATIONAL GRANT PROJECTS		5,674	6,087	8,087	2,609	2,609	~		
Electrical Repairs	10,522		15,405	20,866	23,578	24,664	25,798		
Employee Vaccine & surveillance			225	157	160	167	175		
EMPLOYEE WELLBEING AND AWARENESS		53		53					
Event Support and Exhibitions - EI		547							
Feasibility study New Office, RISK MANAGEMENT COMMITTEE					301	315	323		
FOOD SAMPLING		62	100	50	100	105	109		
GRASS CUTTING & EPWP		4,419	6,206	7,411	9,355	9,785	10,235		
IMPLEMENTATION OF AN AUTOMATED SUPPLIER INVOICE TRACK			150	150	100	105	109		
INSURANCE	2,200								
INTERNAL AUDIT		243	500	500	410	430	450		
INVESTIGATIONS			105	39	50	52	55		
LED Projects		508							
Legal Fees		1,899	800	1,800	1,700	1,778	1,860		
LM SUPPORT		170	316	120	200	209	219		
Maintenance of charges - Lease	41,541		14,741	3,713	3,713	3,883	4,052		
Maintenance of Unspecified Assets				1,414					
MAPHUMULO TRANSFER AND REG OF INDIVIDUAL SITES GRANT			1,200	1,200					
METER READING					1,000	1,048	1,094		
MSCOA CONSULTING FEES					350	366	383		
MUNSOFT CONSULTING FEES		700	1,000	1,000	400	418	438		
NSNP- Hub Workers		265							
Occupational Health and Safety		318							
Open Fields - EI		1,115							
PAYROLL SUPPORT		101	111	111	73	77	80		
PLANT HIRE - HONEY SUCKER		144							
PLANT HIRE - JETTING MACHINE		1,767							
PLANT HIRE - TLB			12,530						
PLANT HIRE - WATER TANKER	23,372	28,622		58,200	13,050	13,650	14,278		
Professional Fees - EI		2,155							
PROFESSIONAL SERVICES				213					
RETICULATION REPAIRS		1,023		2,776					
Research and Development		294							
RISK MANAGEMENT COMMITTEE and Disaster equipment maintenance		24							
Rural Road Asset Management		1,977	2,406	2,406	1,992	2,102	2,223		
SAGE VIP LICENSE SLA		121	159	91	150	157	164		
SASA Expenditure		186							
Schools Nutrition Programme - ENTERPRISE ILEMBE	13,758								
Security Services		29,716	27,368	29,022	31,134	32,566	34,064		
Service advisory - LGSETA				230	300	314	328		
Size Water audit fee			118	83	83	87	91		
Spatial Dev Framework				565					
SPORTS DEVELOPMENT				80					
UIF Project Management - ENTERPRISE	75	2,090							
VEHICLE HIRE	7,069			3,250		1,750	1,831	1,915	
Vehicle Repairs		36							
Vehicles and Furniture Repairs									
WATER CONSERVATION DEMAND				34,000	10,043	20,834	22,072		
WIRELESS NETWORK	39								
YEP exp		126							
YOUTH PROGRAMME		145	600	658	700	732	766		
Youth Strategy				1,145		400	418	438	
Total contracted services		139,860	131,937	143,025	238,351	152,867	173,985	178,549	

It should be noted that the adjustment on contracted services (Table A4) appears higher than the actual adjustment, this is caused by the alignment of MSCOA. The financial reform as brought by the Municipal Standard Chart of Accounts, as a result the final A4 table on contracted services shows a budget amounting to R 152.8 million.

**i) General expenses**

The proposed budget allocation for other expenses amounts to R 117.6 million. The decrease when compared to the adjusted budget is mainly attributable to the inflationary decrease on the Enterprise iLembe's operating expenditure. There is no external grant anticipated for operational expenditure as compared to the current financial year 2019/20. A detailed breakdown of this cost can be viewed from the supporting Table SA1. The main items on this category are:

DC29 iLembe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Audited Outcome	2018/19		Current Year 2019/20		2020/21 Medium Term Revenue &		
		Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23		
<b>R thousand</b>								
<b>Other Expenditure By Type</b>								
Audit fees	3,944	2,900	2,900	3,190	3,337	3,490		
ELECTRICITY AND WATER	26,830	21,997	27,418	30,069	31,452	32,899		
GENDER/ PWD, YOUTH PROGRAMME, HIV AND AIDS.			472					
Computer Equipment				3,555	3,719	3,890		
Achievements and Awards	855			30	32	33		
DEV PLANNING SHARED SERV - GRANT EXP		550	550					
ENTERPRISE ILEMBE - DEVELOPMENT OF SMME	499							
FUEL AND OIL	10,369	13,000	10,000	12,000	12,552	13,129		
FREE BASIC WATER SIZA WATER	4,983	2,330	3,692	4,061	4,248	4,444		
STAFF UNIFORMS	1,669	2,606	4,157	4,655	4,869	5,093		
MEMBERSHIP FEES AND REGULATORY BODIES F	2,864	2,700	2,385	3,001	3,152	3,293		
PUBLIC PARTICIPATION								
PUBLIC EVENTS TRANSPORT	545			591	618	647		
GIFT AND PROMOTIONAL ITEMS	775	938		1,098	1,148	1,201		
HIRE CHARGES	319			1,250	1,307	1,368		
INDIGENT RELIEF	90			100	105	110		
PRINTING AND STATIONERY	546			1,115	1,166	1,220		
LAUNDRY SERVICES, RE-ALLOCATION COSTS, QU	1		287	20	21	22		
Expenditure: Operational Cost: Indigent Relief		343	120					
POSTAL SERVICES	2,087	2,340	1,955	2,142	2,240	2,343		
TRAVEL AND ACCOMMODATION	2,818	1,479	547	1,951	2,038	2,129		
COMMUNICATION AND ADVERTISING	3,175	1,947	1,202					
COMMUNITY SERVICE PROJECTS AND INTERNAL PROGRAMMS			2,311					
Advertising and signs				713	746	780		
WARD COMMITTEE MEETINGS	52			300	314	328		
RENT OF OFFICES	912			115	120	126		
RADIO AND TV INTERVIEWS				500	523	547		
IDM WEBSITE				113	118	123		
DISASTER RELIEF AID AND AWARENESS	394			460	481	503		
other expenditure Enterprise, Munssoft Support, Membership fees - C		7,270		15,270	16,097	16,837		
Third Party Vendors	453	1,320	647	750	785	821		
TRAINING AND CAPACITY BUILDING	1,515	2,396	1,915	2,591	2,749	2,935		
ENERGY EFFICIENCY GRANT EXPENDITURE			522					
OWN TRANSPORT AND SUBSISTANCE AND TRAV	1,727	2,635	2,832	3,042	3,255	3,483		
MUNICIPAL EVENTS DECORATIONS	2	39		51	54	56		
SKILLS DEVELOPMENT LEVY	1,937	2,275	2,230	2,822	3,020	3,231		
SMS Bulk Message Service & Cellphone payments	331	252	238	338	353	370		
Property Rates	390	776	350	374	392	410		
TELEPHONE MANAGEMENT SYSTEM , & OTHER I	4,402		2,045	3,923	4,104	4,293		
MUNSOFT SUPPORT	1,514	1,975	1,975	2,172	2,272	2,377		
INSURANCE WCA & INSURANCE PREMIUMS	3,392	3,411	5,245	5,778	6,044	6,322		
PUBLIC EVENTS HIRING CHARGES		582	329					
COMPUTER LEASE, ICT LICENSES AND PRINTER	3,235	5,905	8,649	2,976	3,113	3,256		
VEHICLE HIRING COSTS	19,768		10,000	250	262	274		
TLB HIRING	4,046	2,688	1,640					
MOTOR VEHICLE LICENCE FEES	117	250	120	120	126	131		
OTHER EXPENDITURE - ENTERPRISE		10,267	20,983					
SALGA GAMES		2,550	119	1,610	1,684	1,762		
BANK CHARGES AND THIRD PARTY CHARGES	483	552	502	502	525	549		
SUNDRIES - THIRD PARTY DAMAGES (300/322350)				35	37	38		
ENTERPRISE ILEMBE - UIF TRAININGS	6,323							
ENTERPRISE ILEMBE -NSNP; Transportation of Vegi	5,794	11,695						
UIF Training		16,625	15,817					
UIF Learner Stipends	2,042	18,557	24,200					
UIF Tools of Trade		278	2,087					
UIF Protective Clothing	1,193	111	—					
UIF Training Venue		3,003	1,524					
UIF Project Management			3,266					
CONVENTIONAL METERS			1,304					
SHARED SERVICES , AIR QUALITY MANAGEMENT	400	3,608	3,608	3,826	4,002	4,186		
<b>Total 'Other' Expenditure</b>	<b>122,790</b>	<b>152,150</b>	<b>170,141</b>	<b>117,611</b>	<b>123,328</b>	<b>129,198</b>		

Other expenditure category budget is anticipated to decrease and is attributable to the UIF funding that was allocated to the entity in the 2019/20 financial year which is no longer anticipated on the proposed 2020/21 financial year.

**j) Surplus/Deficit**

The 2019/20 adjusted budget shows a surplus of R 4.2 million while the proposed final budget 2020/21 is R 3.5 million. Furthermore, the operational expenditure includes non-cash items to the amount of R 103.3 million, which leaves a surplus of R 99.5 million when these items are added back. The non-cash items pertains to:

- Depreciation and asset impairment - R 81 million
- Debt Impairment - R 18.3 million
- Indigent free basic services R 4 million.

Although this may seem to be available surplus it is not available cash, but a target before considering creditors from prior year (2019/20), but will however cater to funding internally generated capital budget.

The surplus/ deficit is not representative of available cash, but a net of expenditure, income and capital expenditure transfers, which should be transferred to the accumulated surplus/ deficit. A higher surplus there do not resolve the cashflow and liquidity position challenges.

When compared to previous financial years, there has been a slight improvement on the financial state, however the municipality is not at a position to make any commitments outside the main service delivery. Caution should be exercised and Council should continue to striving for an increase in the operating surplus to ensure financial and service delivery sustainability.

### **Municipal Standard Chart of Accounts (mSCOA)**

The Minister of Finance issued a gazette on the Municipal Regulations on a Standard Chart of Accounts (mSCOA) was gazetted by on 22 April 2014. National Treasury issued Municipal Regulations on a Standard Chart of Accounts (mSCOA) to non-pilot municipalities in preparation for full mSCOA compliance by 1 July 2017. Ilembe District Municipality fall in the category of non-piloting municipalities and is therefore required to transact on the mSCOA chart by 1 July 2017.

A report on mSCOA is submitted to Council, EXCO and Manco meetings on a quarterly basis. The District Municipality complied with the deadline set as per above and continues to comply with MFMA Circulars relating to mSCOA. There is a continuous monthly and quarterly reporting in terms of data strings which replaced the manual reports, where reports were previously submitted on a monthly basis. The municipal entity successfully migrated into the same financial system the District is using as per the requirements of GRAP. The budget has been prepared on version 6.4. Although there are some challenges on mSCOA, however the municipality managed to implement balance sheet and cashflow budgeting on its 2019/20 Annual Budget on the system and improved the process during the Adjustments Budget Process. The tabled draft budget was prepared in terms of mSCOA including the Cashflow and balance sheet.

### **The Existing Tariff Structure and Operating Revenue**

Tariff-setting is a pivotal and strategic part of the compilation of any municipal budget. When tariffs and other charges were revised, local economic conditions, input costs and affordability of services were taken into account to ensure financial sustainability of the District.

National Treasury continues to encourage municipalities to keep increases in tariffs for trading services and charges for other municipal own revenue sources within the parameters of the country's inflation rate. However, municipalities must justify in their budget documentation all increases in excess of the upper boundary of the South African Reserve Bank's inflation target. The municipality will base its tariff from the proposed tariff increases of 9.6% from Umgeni Water. The bulk water tariff is way beyond the CPI and this seems unaffordable to the District, this will however not be passed on to consumers. A letter was

submitted to Umngeni on the draft bulk tariff increase as this unaffordable to both the District and end consumers.

It must also be noted that the consumer price index "CPI", *is not a good measure of the cost increases of goods and services relevant to municipalities*. The basket of goods and services utilised for the calculation of the CPI consists of items such as food, petrol, and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water and electricity, plumbing/construction material, chemicals etc.

The current challenge facing the District is to manage the gap between cost drivers and tariffs levied. Any shortfall must be made up by either operational efficiencies or service level reductions. Within this framework, the District has undertaken the tariff setting process relating to service charges as follows:

#### **Sale of Water and Impact of Tariff Increases**

From time to time, the country faces water shortages and unstable electricity. All municipalities face challenges with regard to water supply and electricity. As a result of that, the National Treasury encourage municipalities to carefully review the level and structure of their water tariffs. This will ensure that:

- Water tariffs are cost reflective and they include the cost of maintaining and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor;
- That water tariffs are designed to encourage efficient and sustainable consumption;
- That water supplied is clean and drinkable.

Better maintenance of infrastructure, new reservoirs construction, expanded reticulation and cost reflective tariffs to ensure that the supply of water challenges are managed in future to ensure sustainability.

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. However, there has not been any determination by NERSA since the impasse around Eskom's application.

While the court case between NERSA and Eskom is still pending, municipalities should use the tariff increases previously (March 2019) approved by the regulator of 8.1 per cent for 2020/21, 5.2 per cent 2021/22 and 8.9 per cent for 2022/23. That is a further increase that has and impose a negative impact on the supply of water as water purification plants, reservoirs, water networks and distribution relies heavily on electricity.

Furthermore National Treasury advised, municipalities must adopt a tariff setting methodology that achieves an appropriate balance between the interests of poor households and other customers while ensuring financial sustainability of the municipality.

In view of the above and other outlined challenges the municipality is proposing a 9.6% normal increase and a cost reflective increase of 0%, effective from the 1<sup>st</sup> of July 2020 to June 2021.

#### **Cost Reflective Tariffs**

Circular 70 requires municipalities to use cost reflective tariffs in billing their customers. The District complied with the said circular from which the year of its first implementation was 2014/15 up to 2016/17. In the current MTREF budget, the District has not imposed the cost reflective element on the tariff increase. This however burdens the sustainability of the municipality more on maintenance of infrastructure.

#### **Sanitation and Impact of Tariff Increases**

A tariff of 9.6 per cent for sanitation effective from 1 July 2020 is proposed. This is based on property valuation from local municipalities, namely; KwaDukuza, Mandeni, Ndwendwe & Maphumulo Municipality's valuation roll. It should be noted that bulk purchases costs contribute significant portion of input as well as electricity on waste water treatment input costs than the CPI. Additional factors also contribute to the proposed tariff increase:

- Based on property valuation from local municipalities
- Free sanitation will be applicable to registered indigents and the total revenue anticipated in rendering this service.

Although the District Municipality does not have control over the valuation as the document is maintained and implemented by local municipalities, it was resolved that this basis of calculation should be on property valuation.

In view of the above assumptions, deliberations and observations, it is proposed that the District's tariff and other charges be increased as follows and be advertised to the general public for comments:

Type of Service	Proposed Tariff Increase
Water charges	9.6%
Sewer charges	9.6%
Miscellaneous tariffs	Various (not exceeding 9.6%)
Cost Reflective portion of the tariff increase	0%

**1.4 The following annual budget tables have been populated and are annexed to this item as Annexure A**

Table A2: Budgeted Financial Performance (Revenue and Expenditure by standard classification)
Table A3: Budgeted Financial Performance (Revenue and Expenditure by municipal vote)
Table A4: Budgeted Financial Performance (Revenue and Expenditure)
Table A5: Budgeted Capital Expenditure by Vote, Standard Classification & Funding Source)
Table A6: Budgeted Financial Position
Table A7: Budgeted Cash Flow
Table A8: Cash backed reserves/accumulated surplus reconciliation
Table A9: Asset Management
Table A10: Basic service delivery measurement

## **PART 2 – SUPPORTING DOCUMENTS**

### **2.1 Overview of the annual budget process with Integrated Development Plan**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality as well as the chair of the Finance Portfolio Committee, under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in IDM's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly valued and prioritised in the allocation of resources.

### **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents.

The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- Provision of quality basic services and infrastructure,
- Economic growth and development that leads to sustainable job creation
- Fight poverty and build clean, healthy, safe and sustainable communities
- Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
- Promote sound governance

The 2020/21 budget is linked to the IDP as the review was an aligned process of the budget as per the budget timetable as approved by Council in August 2019. This has then been translated to the plan of the municipality for the year, i.e. the service delivery and budget implementation plan.

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

### **2.3 Measurable Performance Objectives**

The performance objectives of the significant revenue streams of the District are recommended as follows:

Area	Performance Target
Water sales	Collection ratio in excess of 65%
Sewer charges	Collection ratio in excess of 65%
Miscellaneous tariffs	Collection ratio in excess of 65%

## 2.4 Overview of the Budget Related Policies

The following budget related policies are applicable to the 2020/21 budget process. Policies are reviewed in the financial year's 2020/21 budget process and will be applicable during implementation, however the recommendation for amendment will be further be discussed during the public participation period prior to approval in May. The policies applicable are as follows:

- Tariff policy
- Fixed Assets Management Policy
- Banking, Cash Management & Investments Policy
- Inventory Management Policy
- Indigent Management Policy
- Petty Cash Policy
- Credit Control & Debt Collection Policy
- Supply Chain Management Policy
- Virement Policy
- Unauthorized, Irregular, Fruitless & Wasteful Expenditure Policy
- Budget Policy
- Customer Care and Management Policy
- Borrowing Policy
- Funding and Reserves Policy
- Long Term Financial Planning
- Infrastructure, Investments and Capital Projects
- Austerity Measures Policy
- Accounts Payable Policy
- Payroll Policy

Listed below is a brief description of the budget-related policies. The policies are attached thereto under Annexure D

### 2.4.1 Supply Chain Management Policy

The comprehensive Supply Chain Management Policy governs, inter alia, the procurement of goods and services; disposal of goods and selecting contractors to aid the Municipality in service delivery. This policy sets out the procedures that must be followed for the above activities in order to comply with all relevant legislation effectively.

#### **2.4.2 Fixed Asset Management Policy**

The Fixed Asset Management Policy governs the acquisition, utilisation, control, maintenance and disposal of assets of IDM. This policy ensures that assets are managed in an economical, effective and efficient manner throughout their life cycles, to achieve the maximum level of service.

#### **2.4.3. Credit Control & Debt Collection Policy**

The Credit Control & Debt Collection Policy, adopted by Council, focuses on all outstanding debt and aims to promote a culture of good payment habits amongst debtors. Debtors have a responsibility towards the payment of their accounts. This policy implements an appropriate, innovative system of debt collection, which is also cost-effective. The aim of this policy is to ensure that debt is collected in the shortest possible time, without any interference in the process, thereby reducing all municipal debt.

The Credit Control & Debt Collection Policy ensures a sensitive, transparent and equitable approach to debt recovery. It prescribes methods to effectively and efficiently deal with those who default on payments, whilst taking indigent consumers into consideration and keeping costs to a minimum.

#### **2.4.4 Funding & Reserves Policy**

The Funding & Reserves Policy is aimed at ensuring that the IDM procures sufficient and cost-effective funding to achieve its capital expenditure objectives in an optimum manner. This policy must be adhered to in the procurement of funding, whilst considering the maturity profile of IDM's assets and liabilities.

This policy sets out the assumptions and methodology for estimating:

- Revenue;
- Revenue that will not be collected;
- Proceeds from the disposal of assets;
- Proceeds from borrowings; and
- Funds to be set aside in Reserves (excluding Reserves held in order to comply with GRAP standards)

#### **2.4.5 Cash Management & Investment Policy**

The Investment & Cash Management Policy ensures that all investments are made in an effective and efficient manner and generate the best return for IDM. This policy ensures that all investments made take into account the preservation and safety of the principal and appropriate liquidity.

#### **2.4.6 Virement Policy**

The Virement Policy is in place to ensure good budgeting practice, effective financial management and improved budgetary controls. This policy establishes a framework for managers to administer their budgets successfully and remain within limitations.

#### **2.4.7 Long Term Financial Planning**

A policy has been developed on the Long term financial planning of the Municipality to achieve IDM's 2027 vision. Council reviews all budget-related policies annually. These policies are in compliance with all relevant legislation.

#### **2.4.8 Indigent Management Policy**

The Indigent Policy ensures that basic services are provided by IDM to all indigent members of its community in a sustainable manner, within the Council's financial capacity. Indigent households, in terms of this policy, qualify for free basic water (6kl) and sewer. All conditions stated in this policy must be met before a household may be registered as "Indigent". Households are required to formally apply for relief and must register each year for indigent support. The prescribed documentation is available from IDM Offices. IDM currently has revenue desks to also assist with the process of registration; this is also done at municipal offices.

#### **2.4.9 Tariff Policy**

The Tariff Policy is the policy for levying fees; rates or taxes for the municipal services provided by IDM. Tariff calculations are based on the nature of the service provided and treat all users of municipal services equally, by ensuring that consumers pay in proportion to the amount of services consumed. This policy covers the Tariff Determination Process and also the Classification and Pricing Strategies of Services. It highlights the fact that all proposed tariffs are presented to the community of during the Council's consultation process in respect of the MTREF. The aims of this policy are:

- To promote local economic development' growth and competitiveness

- to cater for the indigent households whilst keeping rates affordable
- to ensure financial sustainability of service delivery

This Policy complies with the MSA.

#### **2.4.10 Borrowing Policy**

The Borrowings Policy establishes a framework for incurring debt. It must be noted, however, that IDM does not raise any short-term debt. The guidelines provided in this policy ensure that IDM adheres to all statutory requirements regarding long-term debt. This policy aims to obtain funds at the lowest possible interest rates, and with minimum risk.

#### **2.4.11 Budget Policy**

The Budget Policy sets out the principles followed by IDM in drafting the MTREF. This policy covers the responsibilities of the Mayor; the MM; the CFO and other senior managers in preparing the MTREF. The operating and capital budget; budget funding; budget transfers; unavoidable expenditure and the budget preparation process are covered extensively.

#### **2.4.12 Infrastructure, Investments & Capital Projects**

This policy deals with investments in Infrastructure and Capital Projects to address the backlogs in service delivery as well as to promote economic growth within iLembe and surroundings.

#### **2.4.13 Inventory Management Policy**

The policy aims to achieve the following objectives which are to:-

- a) Provide guidelines that employees of the Municipality must follow in the management and control of inventory, including safeguarding and disposal of inventory.
- b) Procure inventory in line with the established procurement principles contained in the Municipality's Supply Chain Management Policy.
- c) Eliminate any potential misuse of inventory and possible theft.

#### **2.4.14 Petty Cash Policy**

This policy aims to regulate the use of Petty Cash Float within IDM and to ensure that in disbursing petty cash funds the Municipality is within the ambit of Municipal Finance Management Act (MFMA).

#### **2.4.15 Unauthorized, Irregular, Fruitless & Wasteful Expenditure Policy**

The objectives of this policy includes amongst other things:

- (a) Emphasising the accountability of employees ;
- (b) Ensuring that employees have a clear and comprehensive understanding of the procedures they must follow when dealing with unauthorised, irregular or fruitless and wasteful expenditure;
- (c) Ensuring that resources made available to employees are utilised efficiently, effectively, economically and for authorised official purposes;
- (d) Ensuring that the Municipality's resources are managed in compliance with the MFMA, the Municipal Regulations and other relevant legislation,
- (e) Ensure that irregular, unauthorised or fruitless and wasteful expenditure is detected, processed, recorded, and reported timeously.

#### **2.4.16 Customer Care & Management Policy**

Through this policy the municipality's aim is to ensure that a customer will be able to contact the municipality conveniently and will be treated courteously, promptly and fairly. The customer will receive a clear response to any service request or enquiry within a stated period of time.

#### **2.4.17 Austerity Measures Policy**

The aim of this policy is to prescribe cost containment measures for iLembe District Municipality in line with Treasury Instruction 01 of 2013.

#### **2.4.18 Accounts Payables Policy**

This policy is aimed at prescribing a process to be followed for the control and processing of all payments in terms of the Municipal Finance Management Act, Act no 56 of 2003.

## 2.5 Budget Assumptions

In the compilation of this draft budget, the following influencing factors were considered:

- In the compilation of this draft budget, the following influencing factors are hereby table:
  - Normal inflationary increases and pressures;
  - That the budget is zero based, incremental and programme based;
  - Inflation is 4.5% for the 2020/2021, 4.6% and 4.6% for 2021/22 and 2022/2023 respectively.
  - An estimated as average for salary increase as Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 (Annexure D), increase based on 5% percentage for 2020/21, plus one comma five percent (1.5), resulting to an average of 6.5%.
  - That there will be no changes to the powers and functions of the District during 2020/2021 financial year;
  - That more than 65 % of revenue budgeted for will be collected;
  - That all DORA allocations will be received during the 2020/2021 budget year.
  - Increase to Tariff of charges for water and sewer of 9.6% and 9.6 for all tariff of charges.
  - That the austerity measures implementation will still be in operation in the medium term.
  - An annual increase of 9.6% from Umgeni Water.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management, which aims to ensure over 65% annual collection rate for key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing /calculating the revenue requirement of each service; and
- Calculation and determination of cost reflective tariffs.
- The iLembe District municipality's Indigent Policy and rendering of free basic service; and tariff policies of the District.

### **2.5.1 Siza water tariff of Charges**

The tariff of charges for Siza water Concession area are hereby on Annexure I. The increase is set at 7%. The tariff are attached as **annexure I**

### **2.6 Overview of Budget Funding**

The budget is funded out of a number of revenue sources, which includes grants, water and sanitation service charges, investment income and other miscellaneous revenue. This can be viewed in more detail on table A8, sitting at R 229 million in the 2021 financial year.

Section 17 and 18 of the MFMA legislates how a municipal budget should be funded. Additionally, MFMA Circular 42 – Funding a Municipal budget requires an alignment of the budget and cash backed reserves/ accumulated surplus to ensure that the budget is appropriately funded.

It should be noted that the District highly reliant on grant funding. The capital budget will be funded through three funding sources:

- Own Funding – Council
- Grant Funding (National and Provincial)
- Borrowings

Funding of the tabled budget has taken into account the requirements of section 18 of the MFMA Act no. 53 of 2003. The capital budget is however not funded through the cash backed reserves.

The current cash flow projections are a depiction of the previous two years which was estimated that the cash position will eventually pick up (in the two upcoming years). The progress to an improved funding has been positive with a trend of downslope in between, however the level of spending slightly moved from the cost containment measures and that has resulted in the extension of financial recovery. However, based on the provided A schedules the District's budget is funded. Further details can also be viewed from Table A8 and supporting Table SA10.

As a measure to the severe cash strain, the municipality will continue to implement its Revenue enhancement strategy in place to improve the revenue collection. The assumption of 65% collection rate. This calculation is based on the current strategies in place and decisions taken to align such.

## Cash Flow

The tabled budget year end cash balance is estimated at R 229.3 million by the end of the 2020/2021, R 204.5 million, R 216.5 million for 2021/22 and 2022/23 respectively. As mentioned above, the current cash further cashflow analysis could be obtained from table A7. With all assumptions above and analysis made from the current financial year and the audited outcome, the draft budget is funded, however care should be given that the budget is monitored closely to eliminate spending on non- priority programmes.

DC29 iLembe - Table A7 Consolidated Budgeted Cash Flows

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates									
Service charges	104,613	107,174	138,078	152,016	143,635	143,635	186,407	242,977	255,503
Other revenue	9,271	25,655	60,222	32,716	30,384	187,241	156,335	143,415	167,259
Transfers and Subsidies - Operational	385,967	502,725	532,222	643,116	674,982	674,982	844,214	718,054	776,381
Transfers and Subsidies - Capital	394,277	332,503	366,720	296,596	254,653	254,653	225,228	228,341	244,693
Interest	3,108	8,360	13,105	35,073	33,393	33,393	30,330	32,069	33,909
Dividends									
<b>Payments</b>									
Suppliers and employees	(520,519)	(528,716)	(837,476)	(734,750)	(981,290)	(981,290)	(1,031,883)	(1,145,824)	(1,208,073)
Finance charges	(9,977)	(10,566)	(8,155)	(12,403)	(11,357)	(11,357)	(12,691)	(10,938)	(9,591)
Transfers and Grants	(7,363)			(33,814)					
<b>NET CASH FROM/(USED) OPERATING ACT</b>	<b>359,377</b>	<b>437,135</b>	<b>284,717</b>	<b>376,550</b>	<b>144,400</b>	<b>301,257</b>	<b>197,939</b>	<b>208,093</b>	<b>260,080</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	199						-	-	-
Decrease (increase) in non-current receivables			69,306		62,067	62,067	62	195	205
Decrease (increase) in non-current investments	(1,390)	(1,477)	(7,346)	27,146	31,990	31,990	-	-	-
<b>Payments</b>									
Capital assets	(362,439)	(338,807)	(217,320)	(347,948)	(270,301)	(270,301)	(202,796)	(199,185)	(213,946)
<b>NET CASH FROM/(USED) INVESTING ACT</b>	<b>(363,630)</b>	<b>(340,283)</b>	<b>(135,361)</b>	<b>(320,802)</b>	<b>(176,245)</b>	<b>(176,245)</b>	<b>(202,734)</b>	<b>(198,990)</b>	<b>(213,742)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans							-	-	-
Borrowing long term/refinancing							-	-	-
Increase (decrease) in consumer deposits							-	-	-
<b>Payments</b>									
Repayment of borrowing	(25,594)	(27,334)	(10,237)	(52,851)	(48,472)	(48,472)	(37,372)	(33,867)	(34,378)
<b>NET CASH FROM/(USED) FINANCING ACT</b>	<b>(25,594)</b>	<b>(27,334)</b>	<b>(10,237)</b>	<b>(52,851)</b>	<b>(48,472)</b>	<b>(48,472)</b>	<b>(37,372)</b>	<b>(33,867)</b>	<b>(34,378)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HE</b>	<b>(29,847)</b>	<b>69,516</b>	<b>119,118</b>	<b>4,897</b>	<b>(80,317)</b>	<b>76,540</b>	<b>(42,167)</b>	<b>(24,763)</b>	<b>11,960</b>
Cash/cash equivalents at the year begin:	36,143	6,296	75,814	73,126	194,932	194,932	271,473	229,306	204,542
Cash/cash equivalents at the year end:	6,296	75,814	194,932	78,023	114,616	271,473	229,306	204,542	216,502

## 2.7 Expenditure on Grants and Reconciliations of Unspent Funds

An amount of R 834 million (inclusive of VAT) will be secured through grant funding from National inclusive of MIG and WSIG, and Regional Bulk Infrastructure Grant. Grants allocated as per the DoRA can be viewed on SA18.

DC29 iLembe - Supporting Table SA18 Transfers and grant receipts

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Budget Year 2020/21		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>RECEIPTS:</b>								
<b>Operating Transfers and Grants</b>								
<b>National Government:</b>	<b>390,006</b>	<b>460,250</b>	<b>515,603</b>	<b>593,808</b>	<b>621,067</b>	<b>608,846</b>	<b>680,262</b>	<b>736,132</b>
Local Government Equitable Share	374,582	419,734	468,670	516,503	516,503	566,794	623,486	680,793
Finance Management	1,250	1,250	1,000	1,000	1,000	1,000	1,000	1,000
DEPT OF LABOUR UIF GRANT				40,880	50,297	—	—	—
WSIG OPERATING Funded (VIP TOILETS)	4,000	10,000	—		10,000	—	—	—
WSIG OPERATING Funded (VIP TOILETS)					751	11,550	23,959	25,382
Rural Transport Services and Infrastructure	2,174	2,266	2,271	2,406	2,406	2,291	2,417	2,557
Energy Efficiency and Demand Management		—	7,000	10,000	10,000	3,000	3,000	—
EPWP OPERATING GRANT		1,000	1,731	2,019	2,019	4,746	—	—
DISATSER COVID 19 GRANT - OPEX		—	13,781		389			
MIG OPERATING Funded ( VIP TOILETS)	8,000	26,000	21,150	21,000	27,702	19,465	26,400	26,400
<b>Provincial Government:</b>	<b>—</b>	<b>—</b>	<b>15,000</b>	<b>550</b>	<b>10,004</b>	<b>—</b>	<b>—</b>	<b>—</b>
Development Planning Shared Services - COGTA				550	550			
KZN COGTA GRANT -WIFI, Biomass, Mini Factories			10,000		5,949			
YEP OPEX					856			
District Imagery Grant					1,000			
Spatial Dev. Framework Grant					650			
SIBHUDU CAVES AND KWASHUSHU HOTSPRING			1,200		1,000			
CORRIDOR DEVELOPMENT PROGRAMME			1,000					
RASET PROGRAMME - OPEX			2,800					
<b>Other grant providers:</b>	<b>—</b>	<b>—</b>	<b>700</b>	<b>—</b>	<b>1,320</b>	<b>—</b>	<b>—</b>	<b>—</b>
Section 21 Schools: National Schools Nutrition Programme					82			
MICT SETA			700		788			
SIBHUDU CAVES AND KWASHUSHU HOTSPRING - MAP CONTRIBUTION			350		450			
<b>Total Operating Transfers and Grants</b>	<b>390,006</b>	<b>460,250</b>	<b>531,303</b>	<b>594,358</b>	<b>632,391</b>	<b>608,846</b>	<b>680,262</b>	<b>736,132</b>
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>	<b>366,786</b>	<b>391,626</b>	<b>343,299</b>	<b>301,596</b>	<b>261,351</b>	<b>225,228</b>	<b>228,341</b>	<b>244,693</b>
Municipal Infrastructure Grant (MIG)	178,984	178,126	167,353	171,596	164,894	171,778	182,300	195,075
Regional Bulk Infrastructure	127,452	145,000	75,446	35,000	35,000			
EPWP	1,850	—	—					
Energy Efficiency and Demand Side Management Grant	6,000	—	—					
WSIG	58,500	62,500	100,500	90,000	61,249	53,450	46,041	49,618
YEP GRANT PROJECTS				5,000	—			
DISASTER COVID19 CAPEX					207			
<b>Provincial Government:</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7,000</b>	<b>—</b>	<b>—</b>	<b>—</b>
YEP GRANT PROJECTS					5,000			
SPECIALIZED FIRE AND RESCUE VEHICLE					2,000			
<b>District Municipality:</b>	<b>10,817</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
KwaDukuza Municipality MIG Transfer								
Ndwedwe Town Development - (incl rollover)	10,817							
<b>Total Capital Transfers and Grants</b>	<b>377,603</b>	<b>391,626</b>	<b>343,299</b>	<b>301,596</b>	<b>268,351</b>	<b>225,228</b>	<b>228,341</b>	<b>244,693</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>767,609</b>	<b>851,876</b>	<b>874,602</b>	<b>895,954</b>	<b>900,741</b>	<b>834,074</b>	<b>908,603</b>	<b>980,825</b>

These grant will be spent this financial year for the purposes outlined in the memorandum of agreements and as set out in DoRA and includes DoRA allocations. Further details can be obtained on budgetary line items as disclosed in budget supporting documentation supporting table SA18, 19, and 20.

**2.8 Allocations of grants made by the Municipality**

The budget related to funds made by the municipality amounts to R 19.9 million (VAT excl.) in the 2020/21 financial year while the total in the MTEF is R 62.8 million. Projects funded through this relate to the construction of VIP toilets in the Maphumulo, Mandeni and Ndwedwe areas.

**2.9 Councilor and board member allowances and employee benefits**

The consolidated (inclusive of the municipal entity) employee related cost is budgeted at R 274.9 million (2020: R 247.4 million). An estimated as average for salary increase as Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 (Annexure D), increase based on 5% percentage for 2020/21, plus one comma five percent (1.5), resulting to an average of 6.5%. Furthermore this budget has provided for vacant posts that were to be have been filled during the 2019/20 financial year.

Supporting tables SA22 provides the expenditure on employee related costs. The total employee related costs plus councillors represent 31% of the total operating expenditure. This percentage is within the 30-40% threshold as required on MFMA Circular 71.

The workings on employee related costs reflects an increase of 11%, this is not next year's increment but the % includes the 6.5% salary increase plus the vacant posts amounting to R9.1 million anticipated to be filled in the next financial year 2021. The number of posts is estimated at 107 posts which is mainly dominated by heavy duty drivers and heavy duty driver's assistants. Filling of the posts will be determined by the cash flow positions which is impacted by various factors, however these are budgeted for 12 months. The process for the Senior Manager Community Services post has been advertised in the current financial year 2019/20, based on the HR processes, te post will possibly be filled in the new financial year starting in July 2020.

## 2.10 Service Delivery & Budget Implementation Plan (SDBIP)

The Draft Service Delivery and Budget Implementation will be tabled at Council 28 days after the budget has been tabled, in accordance with the requirements of the Municipal Finance Management Act.

## 2.11 Capital Expenditure Details

The proposed capital budget reflects a total amount of R 202.8 million in the 2020/21 financial year; R 199.2 million and R 212.7 million for 2021/22 and 2022/23 respectively (excluding VAT) representing all categories identified as priority areas for capital expenditure during the review of the 2018-2022 IDP.

The Total capital budget for the entire MTREF amounts to R 615.9 million.

DC29 iLembe - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Capital Expenditure - Functional</b>								
<i>Governance and administration</i>	11,558	6,216	3,995	68,541	78,479	6,796	377	320
Executive and council								
Finance and administration	11,558	6,216	3,995	68,541	78,479	6,796	377	320
Internal audit								
<i>Community and public safety</i>	-	-	296	1,800	1,980	-	-	-
Community and social services			296		180			
Health				1,800	1,800	-	-	-
<i>Economic and environmental services</i>	-	-	-	4,698	5,414	150	250	850
Planning and development				4,698	5,414	150	250	850
<i>Trading services</i>	350,812	299,941	237,382	272,910	257,577	195,850	198,557	212,776
Energy sources								
Water management	325,209	273,242	183,103	182,958	195,274	162,979	114,323	119,406
Waste water management	25,603	26,699	54,279	89,951	62,302	32,871	84,234	93,370
<b>Total Capital Expenditure - Functional</b>	<b>362,370</b>	<b>306,157</b>	<b>241,672</b>	<b>347,948</b>	<b>343,449</b>	<b>202,796</b>	<b>199,185</b>	<b>213,946</b>
<b>Funded by:</b>								
National Government	234,173	304,204	234,807	257,910	247,578	195,850	198,557	212,776
Provincial Government			2,159	4,348	7,648			
District Municipality								
Other transfers and grants	4,320							
<b>Transfers recognised - capital</b>	<b>238,494</b>	<b>304,204</b>	<b>236,966</b>	<b>262,257</b>	<b>255,226</b>	<b>195,850</b>	<b>198,557</b>	<b>212,776</b>
<b>Borrowing</b>	<b>109,730</b>		672	63,149	73,149	-	-	-
<b>Internally generated funds</b>	<b>14,146</b>	<b>1,953</b>	<b>4,034</b>	<b>22,543</b>	<b>15,075</b>	<b>6,946</b>	<b>627</b>	<b>1,170</b>
<b>Total Capital Funding</b>	<b>362,370</b>	<b>306,157</b>	<b>241,672</b>	<b>347,948</b>	<b>343,449</b>	<b>202,796</b>	<b>199,185</b>	<b>213,946</b>

The proposed budget focuses on the expansion and refurbishment of infrastructure in order to ensure the District is able to deliver services in a timely manner while creating job opportunities. Eighty percent (97%) of the capital budget is set aside for service delivery

objective under trading services amounting to R 195.8 million. Governance and Admin has been allocated 3% of the total capital budget. Thirty point eight percent (30.8%) is allocated to Renewal and upgrading of Existing Assets as % of total capex while seventy two (68.9%) is allocated towards construction of new assets. It should be noted however that majority of these infrastructure projects are multi-year.

Trading Services Projects are divided into the following categories:

#### **2.11.1 Water Services**

A total of R 162.9 million has been budgeted for the construction water infrastructure, of which R 83.7 million is for new water services assets. Table A9 budget schedules breaks down expenditure into refurbishment of the existing assets and new assets. All local municipal areas will benefit from this provision. Renewal of water infrastructure projects amount to R 41.2 million.

#### **2.11.2 Water Waste Management**

A total of R 70 million has been provided on the capital budget to refurbish the existing assets as well as construction of new waste water assets. As the old infrastructure ages, there is a demand for provision of more funding to renew the infrastructure in ensuring continued service delivery. This is done through repairs under operational budget and refurbishment through the capital budget.

A detailed breakdown of capital projects could be viewed on SA 35. Supporting schedules SA6 provides a breakdown of an alignment to the District's IDP strategic objectives against the proposed budget.

### 2.11.3 Capital Budget Funding

DC29 iLembe - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Budget		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Year 2020/21	Year +1 2021/22	Year +2 2022/23
<b>Capital Expenditure - Functional Funded by:</b>								
National Government	234,173	304,204	234,807	257,910	247,578	195,850	198,557	212,776
Provincial Government			2,159	4,348	7,648			
District Municipality								
Other transfers and grants	4,320							
<b>Transfers recognised - capital</b>	<b>238,494</b>	<b>304,204</b>	<b>236,966</b>	<b>262,257</b>	<b>255,226</b>	<b>195,850</b>	<b>198,557</b>	<b>212,776</b>
<b>Borrowing</b>	<b>109,730</b>		<b>672</b>	<b>63,149</b>	<b>73,149</b>			
<b>Internally generated funds</b>	<b>14,146</b>	<b>1,953</b>	<b>4,034</b>	<b>22,543</b>	<b>15,075</b>	<b>6,946</b>	<b>627</b>	<b>1,170</b>
<b>Total Capital Funding</b>	<b>362,370</b>	<b>306,157</b>	<b>241,672</b>	<b>347,948</b>	<b>343,449</b>	<b>202,796</b>	<b>199,185</b>	<b>213,946</b>

#### 2.11.3.1 National Grant Funding

Total grant allocation on the Division of Revenue Allocation for the 2020/21 MTREF capital projects amounts to R 195.8 million, it remains a multiyear project. Included in the total grant allocation is (projects are on table SA37- detailed capital budget):

- Municipal Infrastructure Grant R 191.2 million, while only R 171 million is allocated for capital projects.
- Water Service Infrastructure Grant R 65 million, however only R 53.4 million is allocated for capital budget.
- During the finalisation the following adjustment was made:
- The capital budget was adjusted to R 20 million accommodate the expenditure for COVID19 related expenditure in the 2021 financial year funded by MIG, by adjusting the draft budget projects under MIG.

The Regional Bulk Infrastructure Grant was not appropriated in the DoRA, as a result projects funded by this grant is affected.

There were no provincial grants prior to tabling this budget.

#### **2.11.3.2 Internally generated Funding**

The projects on this funding amounts to R 6.9 million, budget as previously mentioned in order to ensure the budget is funded while also ensuring sustained service delivery. The increase is attributable to the ICT compulsory projects:

- IT Department R 6.3 million
  - Server refresher
  - Network upgrade system
- Corporate Services admin R 435 thousand furniture and computer equipment

#### **2.12 The Total Expenditure for 2021 is as follows:**

R '000	2020/21
OPERATIONAL EXPENDITURE	909.1
CAPITAL EXPENDITURE	202.1
<b>TOTAL</b>	<b>1,111</b>

The 2021 total expenditure budget amounts to R 1.1 Billion, while the total Medium Term Expenditure Framework amounts R 3.5 billion.

#### **2.13 Contracts having future budgetary implications**

The municipality currently has a contract with Siza Water, which is a 30 year agreement. This has been reflected accordingly on supporting table SA33.

#### **Contracted Services**

An amount budgeted for contracted services in the current financial year is R 152.8 million (2019/20: R 192.4 million) is proposed. The budget for this item has resulted in a decrease that forms part of the intervention to contain costs in order to respond to the current financial challenges. A breakdown of all the contracted services can be viewed on the supporting table SA1.

## 2.14 Other Supporting Documents

The following supporting schedules have been populated (where applicable) and are annexed hereto:

SA1: Supporting Detail to Budgeted Financial Performance
SA2: Matrix Financial Performance Budget (revenue source/expenditure type and dept.)
SA3: Supporting detail to Budgeted Financial Position
SA4: Reconciliation of IDP, Strategic Objectives and Budget (Revenue)
SA5: Reconciliation of IDP, Strategic Objectives and Budget (Operating Expenditure)
SA6: Reconciliation of IDP, Strategic Objectives and Budget (Capital Expenditure)
SA7: Measurable Performance Objectives
SA8: Performance Indicators and Benchmarks
SA9: Social, Economic and Demographic Statistics and Assumptions
SA10: Funding Measurement
SA11: Property Rates Summary
SA12a: Property Rates by category (current year)
SA12b: Property Rates by category (budget year)
SA13: Property Rates by Category
SA14: Household Bills
SA15: Investment Particulars by Type
SA16: Investment Particulars by Type
SA17: Borrowing
SA18: Transfers and Grant Receipts
SA19: Expenditure on Transfers and Grant Programme
SA20: Reconciliation of Transfers, Grant Receipts and Unspent Funds
SA21: Transfers and Grants made by the Municipality
SA22: Summary Councillor and Staff Benefits
SA23: Salaries, Allowances and Benefits (political office bearers/councillors/senior managers)
SA24: Summary of Personnel Numbers
SA25: Budgeted Monthly Revenue and Expenditure
SA26: Budgeted Monthly Revenue and Expenditure (Municipal Vote)
SA27: Budgeted Monthly Revenue and Expenditure (Standard Classification)
SA28: Budgeted Monthly Capital Expenditure (Municipal Vote)
SA29: Budgeted Monthly Capital Expenditure (Standard Classification)

SA30: Budgeted Monthly Cash Flow
SA32: List of External Mechanisms
SA33: Contracts having Future Budgetary Implications
SA34a: Capital Expenditure on New Assets by Asset Class
SA34b: Capital Expenditure on the Renewal of Existing Assets by Asset Class
SA34c: Repairs and Maintenance Expenditure by Asset Class
SA34d: Depreciation by Asset Class
SA35: Future Financial Implications of the Capital Budget
SA36: Detail Capital Budget
SA37: Projects Delayed from Previous Financial Years
SA38 - Supporting Table Consolidated detailed operational projects

#### **2.14.1 Revenue collection**

The 2019/20 collection rate was sitting at an average of 65%. Progress on the collection rate is still a standing item at various structures of management and Finance Portfolio Committee. Revenue collection is a priority in the District, Revenue collection remains a priority in the District. The municipality has a Revenue and Expenditure Management Steering committee that was established to effectively discuss and implement revenue enhancement and protection, debt collection and cost containment measures as well as how modern strategies can be maximised in the course of conducting municipal business in order to enhance operational efficiencies.

The municipality target collecting 65% of revenue in the 2020/21 financial year. This estimate is based on the average collection rate as per the previous financial years. Treasury estimates a collection above this rate, however considering the economic state, 65% is proposed.

The following are practical activities aligned to improving the collection rate:

- There are areas that the municipality has identified during the Thuma Mina programme that need to be read or prioritised as a matter of eradicating illegal connections.
- The issue of faulty prepaid meters as well is an issue and there are more conversions being and to be carried out that will ensure that meters are read and billed.

- The newly introduced handheld meter reading devices enhance revenue as meters will now be read using advanced handheld devices. This will ensure that the meter is read and is taken on the system if there wasn't any.
- Additional meters that are picked up on the ground that had previously not been on the system are identified and will be taken on and read on a monthly basis.
- Use of external service provider to deal with the backlog in regards to outstanding new connections. This is being done and will ensure additional meters are now taken on and are read and billed.
- There are areas that will now have consistent water supply which will mean that meters will be read frequently and billed frequently.
- Furthermore, the following strategies will be implemented:
  - Development of Revenue Collection Strategies will be tabled prior to finalisation of the 2021 budget.
  - Focus on the Water Conservation and Demand Management to curb the Water Losses including installation of pressure reducing valves.
  - The projects to be commissioned in the 2020/21 will be identified accordingly.
  - Strengthening of internal controls and strict measures to the standard operational procedures to minimise waste and inefficiencies.
  - Various task teams will be established to deal with problems impacting the implementation of the budget, mainly operations of the municipality.
  - Investigating the need to outsource meter reading and revenue collection
  - Enhancement of the communications strategy in relation to revenue collection
  - To investigate developments to take place during the MTREF

#### **2.14.2 Implementation of the credit control policy**

The credit control is being enforced in the following manner:

- Businesses are being restricted/disconnected when payment is not received,
- Restrictions are also being done for residential consumers
- Outstanding debt is also being handed over to a debt collector,
- For government debt, National and Provincial Treasury and Provincial Co-operative Governance and Traditional Affairs (COGTA) is assisting with collection;

#### **2.14.3 Data Cleansing**

- The consumer data that the district has, is compared to that of the family of municipalities within the district in order to check consistency in information and billing.
- Where there are discrepancies, a physical verification is performed.
- Water and sewer accounts have been consolidated, which allows the district to disconnect or restrict when payment is not received, as well as allocation of payments to both sewer and water accounts.
- The cleansing of data will assist in improving the quality of billing information.

#### **2.14.4 Indigent Support**

The Indigent benefit is functional at IDM and the Register is growing steadily and the growth is low. Our policy grant us the right to use the Local Municipalities register.

- Economic profiling and risk analysis of households is done periodically,
- This analysis is also used to identify people who are possibly indigent and those targeted households will be visited in order to ascertain whether those people are really indigent (they will be requested to fill the application forms and submit all relevant documentation and will be assessed according to the criteria of being indigent).
- There is an exercise done through Vuthela Programme.

## 2.15 Municipal Entity – Enterprise iLembe

iLembe District municipality has one municipal entity, Enterprise iLembe which focuses mostly on the local economic development within the district. The budget for the municipal entity for the 2020/2021 financial year was initially appropriated at R 35.3 million during the draft budget. It must be noted that the municipality has to submit a consolidated budget together with the entity. The Entity budget could be further viewed on SA31.

Enterprise iLembe - Table D1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework			
	R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Financial Performance</b>										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	–	–	–	–	–	–	–	–	–	–
Investment revenue	253	273	820	700	562	562	400	500	600	
Transfers recognised - operational	21,481	24,829	47,779	72,694	95,477	95,477	39,830	37,666	40,114	
Other own revenue	9,175	16,204	23,522	31,546	16,081	16,081	18,636	18,685	18,735	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>30,909</b>	<b>43,307</b>	<b>72,120</b>	<b>104,940</b>	<b>112,120</b>	<b>112,120</b>	<b>58,866</b>	<b>56,851</b>	<b>59,450</b>	
Employee costs	12,066	14,357	18,057	22,003	20,540	20,540	20,456	21,786	22,832	
Remuneration of councillors	564	551	660	703	814	814	837	877	919	
Depreciation & asset impairment	1,177	1,164	2,108	1,557	2,748	2,748	2,826	2,961	3,103	
Finance charges	–	–	–	–	–	–	–	–	–	
Materials and bulk purchases	1,777	2,119	1,091	201	354	354	11,055	11,062	11,069	
Transfers and grants	–	–	–	–	–	–	–	–	–	
Other expenditure	14,626	23,408	48,333	80,092	87,053	87,053	23,645	19,896	20,640	
<b>Total Expenditure</b>	<b>30,209</b>	<b>41,598</b>	<b>70,249</b>	<b>104,556</b>	<b>111,508</b>	<b>111,508</b>	<b>58,819</b>	<b>56,582</b>	<b>58,563</b>	
<b>Surplus/(Deficit)</b>	<b>700</b>	<b>1,709</b>	<b>1,872</b>	<b>384</b>	<b>612</b>	<b>612</b>	<b>47</b>	<b>269</b>	<b>886</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	–	–	–	–	–	–	–	–	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	4,348	5,000	5,000	–	–	–	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>700</b>	<b>1,709</b>	<b>1,872</b>	<b>4,732</b>	<b>5,612</b>	<b>5,612</b>	<b>47</b>	<b>269</b>	<b>886</b>	
Taxation	–	–	–	–	–	–	–	–	–	
<b>Surplus/ (Deficit) for the year</b>	<b>700</b>	<b>1,709</b>	<b>1,872</b>	<b>4,732</b>	<b>5,612</b>	<b>5,612</b>	<b>47</b>	<b>269</b>	<b>886</b>	
<b>Capital expenditure &amp; funds sources</b>										
<i>Capital expenditure</i>	189	300	4,993	4,698	5,414	5,414	150	250	850	
Transfers recognised - capital	–	–	–	4,348	5,000	5,000	–	–	–	
Borrowing	–	–	–	–	–	–	–	–	–	
Internally generated funds	189	300	4,993	350	1,066	1,066	150	250	850	
<b>Total sources of capital funds</b>	<b>189</b>	<b>300</b>	<b>4,993</b>	<b>4,698</b>	<b>6,066</b>	<b>6,066</b>	<b>150</b>	<b>250</b>	<b>850</b>	

## 2.16 Service Agreements

Adequate provision has been made on the operational budget to meet the expected expenditure for the following significant service providers:

Supplier	Nature of Service
CICS (Pty) Ltd	Software maintenance contract
KwaDukuza Municipality	Electricity
Telkom	Tele-communication
Siza Water	Water and sewer Concession
Umgeni Water	Water
Capital Office Automation	Lease of printers and photocopiers
Fleet Horizon	Lease of Municipal Fleet

## 2.17 Public Consultation and Publication of 2019/20 Draft Budget

The budget was adopted by Council on the 6<sup>th</sup> May 2020, which then initiated the public participation process. The budget was published on the local newspapers and municipal website to invite comments from the community as per the requirements of the Act. The municipality will comply with Government Gazette, 25 March 2020, in line with the municipal responsibilities read together with the above S22 of the MFMA and Chapter 4 of the Municipal Systems Act.

### 2.7.1 Public Comments

Comments on the Draft Budget 2021 were received by the municipality from various parties including individuals and organisations, directed to the office of the municipal manager. Included on these comments were mainly the objection to the increase on tariffs. Comments are annexured hereto as **Annexure H**. These will form part of the final budget document including comments received during the radio on the IDP and Draft budget 2020/21. The total comments received by the municipality amounts to +-34 and these were discussed broadly at the budget steering Committee.

### 2.17.2 Provincial Treasury High Level Assessment

As required by the Act, Provincial Treasury has conducted the assessment on the draft budget in terms of compliance and funding requirement. The high level assessment is on **Annexure G** of this report. Provincial Treasury's conclusion on municipality's draft budget was as follows:

Funding of budget - In order for the municipality to continue to provide services and extend their services to the community, the municipality's budget should be funded in accordance with the legal requirements of the MFMA. Based on Treasury's assessment of your 2020/21 Tabled Budget (Cash/Cash equivalents at the year-end reflected in Table A7: Budgeted cash flows and the Cash position reflected in Table A8: Cash backed reserves/accumulated surplus reconciliation), your municipality's 2020/21 Tabled Budget appears to be funded. Refer to Annexure B for a detailed assessment of the your 2020/21 Budget. Furthermore, an emphasis was made to ensure that the budget is extracted from the financial system as per the requirements of mSCOA. The report will be tabled at Council with the final budget.

In terms of section 22 of the MFMA and in accordance with chapter 4 of the Municipal Systems Act, the Accounting Officer of the municipality must make public the draft annual budget, invite local community to submit representations in connection with the budget.

#### **2.18 Cost Containment Measures**

iLembe District Municipality has the adopted policy on cost containment which was introduced in May 2015. This is in line with the **Local Government: Municipal Finance Management Act, 2003 Municipal Cost Containment Regulations, 2019**. The municipality updated its policy to align with the regulations. Expenditure was reprioritized to be in line with the policy and expenditure is reported at Council on a quarterly basis and reviewed by management monthly. Amongst the measures implemented thus far is the cutting down on travel, printing and telephone costs, overtime and at some point filling of newly created posts were put on hold. The municipality has further taken a vigorous step in phasing out usage of consultants and insourcing most of services that were previously outsourced to consultants more particularly from engineering services function. A comprehensive cost reduction strategy to map out future plans to deal with the issue of containing costs within affordable levels is continuously reviewed.

#### **2.19 Water and Waste Water Demand Management**

##### **Waste Water Quality – iLembe District municipality (IDM)**

The District Municipality operates 10 waste water treatment plants across all four (4) local municipalities that vary in size and complexity. These waste water works are operated by process controllers based on site and are required to manage the process of waste water to achieve a compliant final effluent to minimize any negative impact on the surrounding environment. This is done through daily laboratory testing by the process controllers as well as weekly and monthly testing carried out by an external service providers. The ability to

achieve a compliant final effluent depends on among other things the functioning and maintenance of all process units, the calibre of process controllers to effect process changes, appropriate use of chemicals as required and proper and regular record keeping.

IDM does face challenges in achieving the required effluent standards at certain waste water treatment works due to some of the reasons listed above and with correct and sufficient investment in these facilities, the effluent quality will improve in the foreseeable future.

#### **Water quality – Ilembe District Municipality (IDM)**

IDM operates and manages several water treatments works throughout the district that vary from small borehole type facilities to larger treatment works. In addition, IDM also purchases bulk water from a variety of service providers, the main being Umgeni Water, and in turn manages the reticulation supply to residents within the district. Daily testing of water is carried in-house by the process controllers and weekly, monthly and annual testing of water is carried out by an external service provider. The water quality results are captured onto the Department of Water and Sanitation (DWS) website for monitoring and evaluation purposes. The water quality within the district has been negatively affected due to drought conditions in recent years, insufficient water sources (resulting in water being supplied via water tankers), as well as deteriorating infrastructure at some of our facilities. The District is making progress and provisions to address some of these limiting factors by investing in new infrastructure and sourcing more reliable water sources. These initiatives, once implemented fully, will impact positively on water quality in the future.

### **3. CONSULTATIONS**

- Chief Financial Officer & The Accounting Officer
- His Worship, the Mayor, Cllr S Gumede
- All Directorates
- The National Treasury & The Provincial Treasury
- The Budget Steering Committee

#### 4. RESOLUTIONS/RECOMMENDATIONS

Recommends **THAT**

- The Council consider in terms of Section 24 of the Municipal Finance Act, 56 of 2003, the **Final Annual Budget** of the Municipality for the Financial year 2020/2021; and indicative allocations for the two projected outer years 2021/2022 and 2022/2023; as set out in the A Schedules annexured hereto as follows:

Table A2: Budgeted Financial Performance (Revenue and Expenditure by standard classification)
Table A3: Budgeted Financial Performance (Revenue and Expenditure by municipal vote)
Table A4: Budgeted Financial Performance (Revenue and Expenditure)
Table A5: Budgeted Capital Expenditure by Vote, Standard Classification & Funding Source)
Table A6: Budgeted Financial Position
Table A7: Budgeted Cash Flow
Table A8: Cash backed reserves/accumulated surplus reconciliation
Table A9: Asset Management
Table A10: Basic service delivery measurement

- It should be noted that in respect of Capital Expenditure Estimates:

Vote Description R thousand	2020/21 Medium Term Revenue &		
	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total Capital Expenditure - Functional	202,796	199,185	213,946

- Instances where information has been provided in terms of Section 19(2) (b) of the Municipal Finance Management Act No.56 of 2003, the consideration of capital budget constitutes projects consideration for the specific projects as reflected in the detailed capital budget. Where information in terms of section 19(2) (b) is not provided, specific project approval be sought from council during the course of the year.

- That Council consider amendments to its **Tariffs of Charges** as depicted on the schedule annexed hereto and marked as **Annexure B**.
- That the Draft Budget related policies be noted with the respective amendments.
  - Fixed Assets Management Policy
  - Inventory Management Policy
  - Unauthorized, Irregular, Fruitless & Wasteful Expenditure Policy
  - Borrowing Policy
  - Funding and Reserves Policy
  - Long Term Financial Planning
  - Infrastructure, Investments and Capital Projects
  - Petty Cash Policy
  - Austerity measures policy
  - Banking, Cash Management & Investments Policy
  - Accounts payables policy
  - Budget Policy
  - Credit Control & Debt Collection Policy
  - Indigent Management Policy
  - Supply Chain Management Policy
  - Virement Policy
  - Tariff Policy
  - Payroll Policy
- That Council note the public comments submitted during the public participation process.
- That the draft tariff of charges for 2020/21 financial year be increased by 9.6% effective from 1 July 2020, considering the public participation.

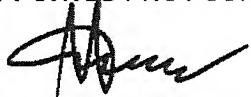
- That in compliance with section 22 of the MFMA, the final budgets be published in the local press and made available on the municipal website.
- That Council note that the draft service delivery and budget implementation plan for the 2020/2021 financial year will be tabled 28 days after the budget has been adopted.

**SIGNATURE OF AUTHOR**

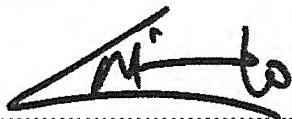


.....  
**MANAGER BUDGET & COMPLIANCE**  
**S CHONGUENE**

**SUPPORTED / NOT SUPPORTED**



.....  
**CHIEF FINANCIAL OFFICER**  
**M CHANDULAL**



**MUNICIPAL MANAGER**  
**NG KUMALO**

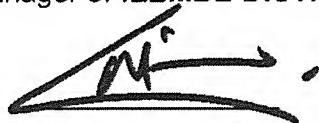
**Quality certificate**

I NG KUMALO, municipal manager of ILEMBE DISTRICT MUNICIPALITY, hereby certify that the 2020/21 to 2022/23 MTREF/ Final Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name: **NG KUMALO**

Municipal Manager of ILEMBE DISTRICT MUNICIPALITY

Signature:



Date: 18/06/2020

# ANNEXURE - A

**Preparation Instructions**

**Municipality Name:** DC29 iLembe

**CFO Name:** Mahendra Chandulal

**Tel:** 032 437 9503      **Fax:** 086 572 9848

**E-Mail:** mahendra.chandulal@ilembe.gov.za

**Budget for MTREF starting:** 2020      **Budget Year:** 2020/21

**Does this municipality have Entities?** Yes

**If YES: Identify type of report:** Consolidated Information

**LGDB Export**

**Name Votes & Sub-Votes**

**Printing Instructions**

**Showing / Hiding Columns**

[Hide Pre-audit columns on all](#)

[Hide Reference columns on all](#)

**Showing / Clearing Highlights**

[Clear Highlights on all sheets](#)

**Important documents which provide essential assistance**

<a href="#">MFMA Budget Circulars</a>	<a href="#">Click to view</a>
<a href="#">MBRR Budget Formats Guide</a>	<a href="#">Click to view</a>
<a href="#">Dummy Budget Guide</a>	<a href="#">Click to view</a>
<a href="#">Funding Compliance Guide</a>	<a href="#">Click to view</a>
<a href="#">MFMA Return Forms</a>	<a href="#">Click to view</a>

## DC29 iLembe - Contact Information

<b>A. GENERAL INFORMATION</b>			
Municipality	DC29 iLembe		
Grade	FMS		
Province	IGN KWAZULU-NATAL		
Web Address	<a href="http://www.ilembe.gov.za">www.ilembe.gov.za</a>		
e-mail Address	<a href="mailto:Mahendra.Chandula@ilembe.gov.za">Mahendra.Chandula@ilembe.gov.za</a>		
<b>B. CONTACT INFORMATION</b>			
Postal address:			
P.O Box	PO BOX 1788		
City / Town	KWADUKUZA		
Postal Code	4450		
Street address			
Building	ILEMBE HOUSE		
Street No & Name	5961 MAHATMA GHANDI STREET		
City / Town	KWADUKUZA		
Postal Code	4450		
General Contacts			
Telephone number	032 437 0300		
Fax number	032 437 0584		
<b>C. POLITICAL LEADERSHIP</b>			
Speaker:	Secretary/PA to the Speaker:		
ID Number	7810065369089	ID Number	830926 0335 005
Title	Cr.	Title	Ms
Name	Sphesihle Zulu	Name	Pretty Maywaza
Telephone number	032 437 9402	Telephone number	032 437 9338
Cell number	0761067325	Cell number	060 311 5361
Fax number	032 437 0587	Fax number	032 437 0587
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Mayor/Executive Mayor:	Secretary/PA to the Mayor/Executive Mayor:		
ID Number	630305576088	ID Number	910126 0231 006
Title	Cr.	Title	Ms
Name	S. Gumede	Name	Bongwe Nxaba
Telephone number	032 437 9401	Telephone number	032 437 9401
Cell number	078 056 0289	Cell number	0725794690
Fax number	032 437 9087	Fax number	032 437 9507
E-mail address	<a href="mailto:Siduduzo.Gumede@ilembe.gov.za">Siduduzo.Gumede@ilembe.gov.za</a>	E-mail address	<a href="mailto:bongwe.nxaba@ilembe.gov.za">bongwe.nxaba@ilembe.gov.za</a>
Deputy Mayor/Executive Mayor:	Secretary/PA to the Deputy Mayor/Executive Mayor:		
ID Number	6212220786085	ID Number	910126 0231 006
Title	Cr.	Title	Ms
Name	M.D. Shandu	Name	Bongwe Nxaba
Telephone number	032 437 9404	Telephone number	032 437 9404
Cell number	071 268 0697	Cell number	0725784690
Fax number	032 437 9587	Fax number	032 437 9587
E-mail address	<a href="mailto:dolly.shandu@ilembe.gov.za">dolly.shandu@ilembe.gov.za</a>	E-mail address	<a href="mailto:bongwe.nxaba@ilembe.gov.za">bongwe.nxaba@ilembe.gov.za</a>
<b>D. MANAGEMENT LEADERSHIP</b>			
Municipal Manager:	Secretary/PA to the Municipal Manager:		
ID Number	6004255397084	ID Number	7703090134063
Title	Mr.	Title	Mr
Name	Ntshenziso Geoffrey Kumalo (Acting)	Name	Salora Pillay
Telephone number	032 437 9501	Telephone number	032 437 9501
Cell number	076 521 1118	Cell number	0765040658
Fax number	032 437 9587	Fax number	0655332177
E-mail address	<a href="mailto:Geoffrey.Kumalo@ilembe.gov.za">Geoffrey.Kumalo@ilembe.gov.za</a>	E-mail address	<a href="mailto:salora.pillay@ilembe.gov.za">salora.pillay@ilembe.gov.za</a>
Chief Financial Officer	Secretary/PA to the Chief Financial Officer		
ID Number	6710205179066	ID Number	79010300531067
Title	Mr.	Title	Mr
Name	Mahendra Chandula	Name	Thanda Mayase
Telephone number	032 437 9503	Telephone number	032 437 9337
Cell number	0324545715	Cell number	071 600 4050
Fax number	086 572 9648	Fax number	066 572 9648
E-mail address	<a href="mailto:Mahendra.Chandula@ilembe.gov.za">Mahendra.Chandula@ilembe.gov.za</a>	E-mail address	<a href="mailto:thanda.mayase@ilembe.gov.za">thanda.mayase@ilembe.gov.za</a>
Official responsible for submitting financial information	Official responsible for submitting financial information		
ID Number	8212135352093	ID Number	850517 0308 005
Title	Mr.	Title	Ms
Name	Sibusiso Chongwane	Name	Sphesihle Mhlongo
Telephone number	032 437 9556	Telephone number	032 437 9422
Cell number	073 699 3139	Cell number	078 302 5425
Fax number	032 437 9584	Fax number	032 437 9584
E-mail address	<a href="mailto:sibusiso.chongwane@ilembe.gov.za">sibusiso.chongwane@ilembe.gov.za</a>	E-mail address	<a href="mailto:Sphesihle.Mhlongo@ilembe.gov.za">Sphesihle.Mhlongo@ilembe.gov.za</a>

<b>Official responsible for submitting financial information</b>	<b>Official responsible for submitting financial information</b>
ID Number	650120 0505 089
Title	Ms.
Name	Nombolozo Khumalo
Telephone number	032 437 9422
Cell number	076 256 8890
Fax number	032 437 9504
E-mail address	Nombolozo.Khumalo@nemb.gov.za
<b>Official responsible for submitting financial information</b>	<b>Official responsible for submitting financial information</b>
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	
<b>Official responsible for submitting financial information</b>	<b>Official responsible for submitting financial information</b>
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Fax number	
E-mail address	
<b>Official responsible for submitting financial information</b>	<b>Official responsible for submitting financial information</b>
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	
<b>Official responsible for submitting financial information</b>	<b>Official responsible for submitting financial information</b>
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

DC29 iLembe - Table A1 Consolidated Budget Summary

Description	2016/17			2017/18			2018/19			Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23				
<b>Financial Performance</b>															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges	136 637	130 251	153 141	178 843	197 267	197 267	197 267	197 267	217 816	230 885	244 738				
Investment revenue	3 108	8 360	13 105	4 722	13 812	13 812	13 812	13 812	14 761	15 565	16 415				
Transfers recognised - operational	385 404	519 749	521 137	594 358	674 982	674 982	674 982	674 982	613 309	680 262	736 132				
Other own revenue	36 857	42 272	55 122	80 887	67 876	67 876	67 876	67 876	70 997	73 881	77 244				
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>562 006</b>	<b>700 633</b>	<b>742 504</b>	<b>858 810</b>	<b>953 937</b>	<b>953 937</b>	<b>953 937</b>	<b>953 937</b>	<b>916 883</b>	<b>1 000 593</b>	<b>1 074 529</b>				
Employee costs	185 750	201 322	220 780	264 463	242 774	242 774	242 774	242 774	274 983	294 078	314 131				
Remuneration of councillors	8 021	8 406	8 604	10 941	9 450	9 450	9 450	9 450	9 819	10 506	11 242				
Depreciation & asset impairment	90 431	82 953	106 408	85 912	87 102	87 102	87 102	87 102	81 631	85 391	89 325				
Finance charges	9 977	10 566	8 175	12 403	11 357	11 357	11 357	11 357	12 691	10 938	9 591				
Materials and bulk purchases	107 761	86 506	170 135	157 235	174 720	174 720	174 720	174 720	239 868	272 074	312 470				
Transfers and grants	7 363	-	-	-	-	-	-	-	-	-	-				
Other expenditure	199 329	288 244	326 039	324 596	424 316	424 316	424 316	424 316	290 199	314 347	325 370				
<b>Total Expenditure</b>	<b>608 631</b>	<b>677 996</b>	<b>840 141</b>	<b>855 550</b>	<b>949 718</b>	<b>949 718</b>	<b>949 718</b>	<b>949 718</b>	<b>909 190</b>	<b>987 335</b>	<b>1 062 129</b>				
<b>Surplus/(Deficit)</b>	<b>(46 625)</b>	<b>22 636</b>	<b>(97 636)</b>	<b>3 260</b>	<b>4 219</b>	<b>4 219</b>	<b>4 219</b>	<b>4 219</b>	<b>7 693</b>	<b>13 258</b>	<b>12 400</b>				
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	376 948	289 524	286 105	301 596	292 546	292 546	292 546	292 546	225 228	228 341	244 693				
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	-	-	-	-	-	-				
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>330 323</b>	<b>312 161</b>	<b>188 469</b>	<b>304 856</b>	<b>306 405</b>	<b>306 405</b>	<b>306 405</b>	<b>306 405</b>	<b>232 920</b>	<b>241 599</b>	<b>257 093</b>				
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-				
<b>Surplus/(Deficit) for the year</b>	<b>330 323</b>	<b>312 161</b>	<b>188 469</b>	<b>304 856</b>	<b>306 405</b>	<b>306 405</b>	<b>306 405</b>	<b>306 405</b>	<b>232 920</b>	<b>241 599</b>	<b>257 093</b>				
<b>Capital expenditure &amp; funds sources</b>															
Capital expenditure	362 370	306 157	241 672	347 948	343 449	343 269	343 269	343 269	202 796	199 185	213 946				
Transfers recognised - capital	238 494	304 204	236 966	262 257	255 226	255 226	255 226	255 226	195 850	198 557	212 776				
Borrowing	109 730	-	672	63 149	73 149	73 149	73 149	73 149	-	-	-				
Internally generated funds	14 146	1 953	4 034	22 543	15 075	15 075	15 075	15 075	6 946	627	1 170				
<b>Total sources of capital funds</b>	<b>362 370</b>	<b>306 157</b>	<b>241 672</b>	<b>347 948</b>	<b>343 449</b>	<b>343 449</b>	<b>343 449</b>	<b>343 449</b>	<b>202 796</b>	<b>199 185</b>	<b>213 946</b>				
<b>Financial position</b>															
Total current assets	168 334	190 746	360 074	293 328	305 446	305 446	305 446	305 446	593 372	591 083	632 930				
Total non current assets	2 291 339	2 432 709	2 540 011	3 160 611	2 795 763	2 795 763	2 795 763	2 795 763	2 829 787	2 943 620	3 074 497				
Total current liabilities	263 160	266 894	388 459	99 416	97 269	97 269	97 269	97 269	187 996	277 458	363 273				
Total non current liabilities	87 138	83 822	50 294	107 069	193 744	193 744	193 744	193 744	146 969	114 945	101 828				
Community wealth/Equity	2 109 375	2 272 740	2 461 331	3 247 454	2 810 196	2 810 196	2 810 196	2 810 196	3 088 194	3 142 301	3 242 326				
<b>Cash flows</b>															
Net cash from (used) operating	359 377	437 135	264 717	378 550	144 400	144 400	144 400	144 400	197 939	448 208	474 069				
Net cash from (used) investing	(363 630)	(340 283)	(135 361)	(320 802)	(176 245)	(176 245)	(176 245)	(176 245)	(203 206)	(199 178)	(213 940)				
Net cash from (used) financing	(25 594)	(27 334)	(10 237)	(52 851)	(48 472)	(48 472)	(48 472)	(48 472)	(37 310)	(33 738)	(34 243)				
<b>Cash/cash equivalents at the year end</b>	<b>6 296</b>	<b>75 814</b>	<b>194 932</b>	<b>78 023</b>	<b>114 616</b>	<b>114 616</b>	<b>114 616</b>	<b>114 616</b>	<b>228 895</b>	<b>444 187</b>	<b>670 073</b>				
<b>Cash backing/surplus reconciliation</b>															
Cash and investments available	32 105	103 100	223 652	102 015	80 802	80 802	80 802	80 802	229 306	204 542	216 502				
Application of cash and investments	139 846	169 844	209 740	(63 619)	(118 931)	(118 931)	(118 931)	(118 931)	-	-	-				
<b>Balance - surplus (shortfall)</b>	<b>(107 740)</b>	<b>(66 744)</b>	<b>13 912</b>	<b>165 634</b>	<b>199 733</b>	<b>199 733</b>	<b>199 733</b>	<b>199 733</b>	<b>229 306</b>	<b>204 542</b>	<b>216 502</b>				
<b>Asset management</b>															
Asset register summary (WDV)	2 250 580	2 401 556	2 532 593	3 160 611	2 476 387	2 476 387	2 476 387	2 476 387	2 292 743	2 459 552	2 641 859				
Depreciation	90 431	82 953	106 408	85 912	87 098	87 098	87 098	87 098	81 631	85 391	89 325				
Renewal and Upgrading of Existing Assets	59 111	52 499	44 225	98 270	83 487	83 487	83 487	83 487	66 383	76 788	55 304				
Repairs and Maintenance	64 100	59 513	30 376	62 938	45 851	45 851	45 851	45 851	54 175	56 667	59 274				
<b>Free services</b>															
Cost of Free Basic Services provided	20 546	837	36 184	43 354	38 302	38 302	38 302	38 302	37 009	37 009	37 009				
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-				
<b>Households below minimum service level</b>															
Water:	38	30	12	11	11	11	11	11	11	11	11				
Sanitation/sewerage:	63	28	82	70	70	70	70	70	70	70	70				
Energy:	13	13	31	32	32	32	32	32	32	32	32				
Refuse:	13	50	50	49	49	49	49	49	49	49	49				

DC29 iLembe - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description R thousand	Ref 1	2016/17			2017/18			2018/19			Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23						
<b>Revenue - Functional</b>																
<i>Governance and administration</i>	152 590	155 301	174 233	217 271	230 158	230 158	228 833	248 083	264 941							
Executive and council	44 999	43 801	21 296	23 470	23 470	23 470	42 835	47 120	51 451							
Finance and administration	107 591	111 500	152 936	193 802	206 688	206 688	186 097	200 963	213 491							
Internal audit	-	-	-	-	-	-	-	-	-							
<i>Community and public safety</i>	10	22 003	64 123	33 980	36 579	36 579	39 002	42 903	46 845							
Community and social services	-	22 003	47 432	15 503	17 892	17 892	18 723	20 596	22 489							
Sport and recreation	-	-	-	-	-	-	-	-	-							
Public safety	-	-	-	-	-	-	-	-	-							
Housing	-	-	-	-	-	-	-	-	-							
Health	10	-	16 690	18 477	18 687	18 687	20 279	22 306	24 356							
<i>Economic and environmental services</i>	14 724	25 269	360 417	110 637	98 467	98 467	33 775	30 253	31 226							
Planning and development	14 724	25 269	360 417	110 637	98 467	98 467	33 775	30 253	31 226							
Road transport	-	-	-	-	-	-	-	-	-							
Environmental protection	-	-	-	-	-	-	-	-	-							
<i>Trading services</i>	772 193	787 585	429 637	798 517	890 920	890 920	836 286	803 334	971 586							
Energy sources	-	-	-	-	-	-	-	-	-							
Water management	608 015	636 467	323 859	553 198	615 288	615 288	515 624	568 384	644 522							
Waste water management	164 177	151 118	105 978	245 320	275 633	275 633	320 761	334 950	327 064							
Waste management	-	-	-	-	-	-	-	-	-							
<i>Other</i>	4	-	-	-	-	-	-	-	-							
<b>Total Revenue - Functional</b>	<b>2</b>	<b>939 517</b>	<b>990 157</b>	<b>1 028 609</b>	<b>1 160 406</b>	<b>1 256 124</b>	<b>1 256 124</b>	<b>1 137 996</b>	<b>1 224 573</b>	<b>1 314 599</b>						
<b>Expenditure - Functional</b>																
<i>Governance and administration</i>	182 819	331 557	218 486	312 334	312 098	312 098	276 407	289 280	300 852							
Executive and council	60 310	28 752	16 027	25 608	23 697	23 697	19 058	20 200	18 803							
Finance and administration	122 510	299 718	199 314	282 041	284 470	284 470	253 143	264 607	277 280							
Internal audit	-	3 096	3 145	4 684	3 931	3 931	4 196	4 474	4 769							
<i>Community and public safety</i>	1 806	22 951	29 865	41 317	36 153	36 153	50 031	53 105	56 375							
Community and social services	1 806	10 272	16 685	24 613	20 997	20 997	25 740	27 295	28 947							
Sport and recreation	-	-	-	-	-	-	-	-	-							
Public safety	-	-	-	-	-	-	-	-	-							
Housing	-	-	-	-	-	-	-	-	-							
Health	-	12 679	13 180	16 704	15 156	15 156	24 290	25 810	27 428							
<i>Economic and environmental services</i>	50 102	26 475	199 445	137 985	135 522	135 522	123 631	124 811	130 397							
Planning and development	50 192	26 475	199 445	137 985	135 522	135 522	123 631	124 811	130 397							
Road transport	-	-	-	-	-	-	-	-	-							
Environmental protection	-	-	-	-	-	-	-	-	-							
<i>Trading services</i>	374 377	297 004	392 326	363 914	465 946	465 946	459 122	520 138	574 505							
Energy sources	-	-	-	-	-	-	-	-	-							
Water management	357 542	237 063	360 563	309 144	398 934	398 934	401 078	453 546	505 235							
Waste water management	16 835	59 941	31 763	54 770	67 012	67 012	58 044	66 592	69 270							
Waste management	-	-	-	-	-	-	-	-	-							
<i>Other</i>	4	-	-	-	-	-	-	-	-							
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>609 194</b>	<b>677 996</b>	<b>849 141</b>	<b>855 550</b>	<b>949 718</b>	<b>949 718</b>	<b>909 190</b>	<b>987 335</b>	<b>1 062 129</b>						
<b>Surplus/(Deficit) for the year</b>		<b>330 323</b>	<b>312 161</b>	<b>188 469</b>	<b>304 856</b>	<b>306 405</b>	<b>306 405</b>	<b>228 806</b>	<b>237 238</b>	<b>252 470</b>						

**References**

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

DC29 iLembe - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

R thousand	Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1										
Vote 1 - BUDGET & TREASURY			83 120	106 425	101 571	112 112	122 913	122 913	123 317	132 528	142 046
Vote 2 - CORPORATE SERVICES			49 376	45 083	45 952	75 724	77 809	77 809	56 234	61 234	63 581
Vote 3 - CORPORATE GOVERNANCE			36 660	55 515	79 679	51 124	53 516	53 516	74 896	82 386	89 958
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER			8 339	10 289	11 154	12 292	12 292	12 292	13 489	14 838	16 202
Vote 5 - PLANNING & DEVELOPMENT			11 740	7 237	350 418	110 637	98 674	98 674	33 775	30 253	31 226
Vote 6 - TECHNICAL SERVICES			338 211	418 013	429 837	798 517	890 920	890 920	836 286	903 334	971 585
Vote 7 - TECHNICAL SERVICES			412 072	347 595	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]			-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]			-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2		939 517	990 157	1 028 609	1 160 406	1 256 124	1 256 124	1 137 996	1 224 573	1 314 599
Expenditure by Vote to be appropriated	1										
Vote 1 - BUDGET & TREASURY			49 714	201 453	75 683	149 824	158 543	158 543	115 019	120 776	126 915
Vote 2 - CORPORATE SERVICES			70 672	98 717	117 318	119 696	114 307	114 307	124 353	129 270	134 958
Vote 3 - CORPORATE GOVERNANCE			48 715	42 076	43 015	58 219	50 711	50 711	66 126	70 267	74 675
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER			13 325	12 584	12 335	25 912	24 689	24 689	20 939	22 073	20 670
Vote 5 - PLANNING & DEVELOPMENT			35 975	27 439	73 817	117 010	123 396	123 396	69 270	67 680	70 351
Vote 6 - TECHNICAL SERVICES			380 517	260 782	392 326	363 914	465 946	465 946	459 122	520 138	574 505
Vote 7 - TECHNICAL SERVICES			10 275	34 945	125 646	20 975	12 126	12 126	54 360	57 130	60 046
Vote 8 - [NAME OF VOTE 8]			-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]			-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2		609 194	677 996	840 141	855 550	949 718	949 718	909 190	987 335	1 062 129
Surplus/(Deficit) for the year	2		330 323	312 161	188 469	304 055	306 405	306 405	228 806	237 238	252 470

**References**

1. Insert 'Vote'; e.g. department, if different to functional classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

DC29 iLembe - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

R thousand	Description	Ref	2016/17			2017/18			2018/19			Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23				
<b>Revenue By Source</b>																	
Property rates	2	—	—	—	—	—	—	—	—	—	—	—	—	—			
Service charges - electricity revenue	2	—	—	—	—	—	—	—	—	—	—	—	—	—			
Service charges - water revenue	2	70 191	94 062	116 120	136 196	154 116	154 116	154 116	154 116	167 768	177 834	188 504					
Service charges - sanitation revenue	2	66 446	36 189	37 020	40 646	43 152	43 152	43 152	43 152	45 934	48 690	51 611					
Service charges - refuse revenue	2	—	—	—	—	—	—	—	—	—	—	—	—	—			
Rental of facilities and equipment		85	76	107	126	127	127	127	127	22	23	24					
Interest earned - external investments		3 108	8 360	13 105	4 722	13 812	13 812	13 812	13 812	14 761	15 565	16 415					
Interest earned - outstanding debtors		18 998	15 452	25 769	35 706	35 602	35 602	35 602	35 602	39 020	41 361	43 843					
Dividends received		—	—	—	—	—	—	—	—								
Fines, penalties and forfeits		380	153	728	364	364	364	364	364	399	423	448					
Licences and permits		—	22	19	21	21	21	21	21	24	25	26					
Agency services		2 141	1 785	1 953	1 953	1 953	1 953	1 953	1 953	2 149	2 277	2 414					
Transfers and subsidies		385 967	519 749	520 939	594 356	674 982	674 982	674 982	674 982	613 309	680 262	736 132					
Other revenue	2	17 774	24 223	27 484	42 352	27 919	27 919	27 919	27 919	29 384	29 772	30 489					
<b>Gains</b>																	
Total Revenue (excluding capital transfers and contributions)		562 569	700 633	742 504	858 810	953 937	953 937	953 937	953 937	912 768	995 232	1 069 906					
<b>Expenditure By Type</b>																	
Employee related costs	2	185 750	201 322	220 780	264 463	242 774	242 774	242 774	242 774	274 983	294 078	314 131					
Remuneration of councilors		8 584	8 406	8 604	10 941	9 450	9 450	9 450	9 450	9 819	10 506	11 242					
Debt impairment	3	40 241	41 676	65 022	29 421	13 721	13 721	13 721	13 721	18 301	19 142	20 023					
Depreciation & asset impairment	2	90 431	82 953	106 408	85 912	87 102	87 102	87 102	87 102	81 631	85 391	89 325					
Finance charges		9 977	10 566	8 175	12 403	11 357	11 357	11 357	11 357	12 691	10 938	9 591					
Bulk purchases	2	75 803	86 506	150 578	132 057	168 070	168 070	168 070	168 070	160 070	216 200	247 620	287 602				
Other materials	8	31 958	—	19 557	25 178	6 650	6 650	6 650	6 650	23 668	24 254	24 658					
Contracted services		54 326	139 880	131 937	143 025	239 351	239 351	239 351	239 351	239 351	152 887	173 985	178 549				
Transfers and subsidies		7 363	—	—	—	—	—	—	—	—	—	—	—	—			
Other expenditure	4, 5	103 937	106 297	122 790	152 150	171 044	171 044	171 044	171 044	171 044	118 949	121 154	126 729				
Losses		824	381	6 290	—	200	200	200	200	63	66	68					
Total Expenditure		609 194	677 996	840 141	855 550	949 718	949 718	949 718	949 718	909 190	987 335	1 062 129					
Surplus/(Deficit)		(46 625)	22 636	(97 636)	3 260	4 219	4 219	4 219	4 219	3 578	8 857	7 777					
Transfers and subsidies - capital (monetary allocations) (National & Provincial and Distnc)l		376 948	289 524	286 105	301 596	292 546	292 546	292 546	292 546	225 228	228 341	244 693					
Transfers and subsidies - capital (monetary allocations) (National & Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	—	—	—	—	—	—	—	—	—	—	—					
Transfers and subsidies - capital (in-kind - all)		330 323	312 161	188 469	304 856	306 405	306 405	306 405	306 405	306 405	228 806	237 238	252 470				
Surplus/(Deficit) after capital transfers & contributions		330 323	312 161	188 469	304 856	306 405	306 405	306 405	306 405	306 405	228 806	237 238	252 470				
Taxation		330 323	312 161	188 469	304 856	306 405	306 405	306 405	306 405	306 405	228 806	237 238	252 470				
Surplus/(Deficit) after taxation		330 323	312 161	188 469	304 856	306 405	306 405	306 405	306 405	306 405	228 806	237 238	252 470				
Attributable to minorities		330 323	312 161	188 469	304 856	306 405	306 405	306 405	306 405	306 405	228 806	237 238	252 470				
Surplus/(Deficit) attributable to municipality		330 323	312 161	188 469	304 856	306 405	306 405	306 405	306 405	306 405	228 806	237 238	252 470				
Share of surplus/ (deficit) of associate	7	—	—	—	—	—	—	—	—	—	—	—	—				
Surplus/(Deficit) for the year		330 323	312 161	188 469	304 856	306 405	306 405	306 405	306 405	306 405	228 806	237 238	252 470				

**References**

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA4c
6. Contributions are funds provided by external organisations to assist with infrastructure development e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2018/20			2020/21 Medium Term Revenue & Expenditure Framework					
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22
<b>Capital expenditure - Vots</b>													
<b>Multi-year expenditure to be appropriated</b>	1												
Vote 1 - BUDGET & TREASURY		6 441	771	7		2 128	156	156					
Vote 2 - CORPORATE SERVICES		137	7	7		7	7	7					
Vote 3 - CORPORATE GOVERNANCE		7	7	7		7	7	7					
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		7	7	7		7	7	7					
Vote 5 - PLANNING & DEVELOPMENT		7	7	7		7	7	7					
Vote 6 - TECHNICAL SERVICES		7	7	7		7	7	7					
Vote 7 - TECHNICAL SERVICES		166 569	142 544	81 877	106 636	104 012	104 012		41 478	40 038	43 146		
Vote 8 - [NAME OF VOTE 8]		7	7	7		7	7	7					
Vote 9 - [NAME OF VOTE 9]		7	7	7		7	7	7					
Vote 10 - [NAME OF VOTE 10]		7	7	7		7	7	7					
Vote 11 - [NAME OF VOTE 11]		7	7	7		7	7	7					
Vote 12 - [NAME OF VOTE 12]		7	7	7		7	7	7					
Vote 13 - [NAME OF VOTE 13]		7	7	7		7	7	7					
Vote 14 - [NAME OF VOTE 14]		7	7	7		7	7	7					
Vote 15 - [NAME OF VOTE 15]		7	7	7		7	7	7					
<b>Capital multi-year expenditure sub-total</b>	1	173 147	141 316	87 871	110 624	104 012	104 012		41 478	40 038	43 146		
<b>Single-year expenditure to be appropriated</b>	2												
Vote 1 - BUDGET & TREASURY		5 444	7	7		7	7	7					
Vote 2 - CORPORATE SERVICES		4 980	7	3 995	59 413	78 329	78 329		6 796	377	320		
Vote 3 - CORPORATE GOVERNANCE		7	7	295	1 690	1 980	1 980						
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		7	7	7		7	7	7					
Vote 5 - PLANNING & DEVELOPMENT		7	7	7	4 695	5 414	5 414		250	250	650		
Vote 6 - TECHNICAL SERVICES		184 243	166 397	142 412	164 214	153 965	153 965		146 372	156 522	169 630		
Vote 8 - [NAME OF VOTE 8]		7	7	7		7	7	7					
Vote 9 - [NAME OF VOTE 9]		7	7	7		7	7	7					
Vote 10 - [NAME OF VOTE 10]		7	7	7		7	7	7					
Vote 11 - [NAME OF VOTE 11]		7	7	7		7	7	7					
Vote 12 - [NAME OF VOTE 12]		7	7	7		7	7	7					
Vote 13 - [NAME OF VOTE 13]		7	7	7		7	7	7					
Vote 14 - [NAME OF VOTE 14]		7	7	7		7	7	7					
Vote 15 - [NAME OF VOTE 15]		7	7	7		7	7	7					
<b>Capital single-year expenditure sub-total</b>		189 223	164 841	153 702	237 124	239 287	239 287			156 313	159 148	170 800	
<b>Total Capital Expenditure - Vots</b>		362 370	306 157	241 672	347 948	343 449	343 449		202 796	199 183	213 946		
<b>Capital Expenditure - Functions</b>													
<b>Governance and administration</b>		11 558	6 216	3 895	68 541	78 479	78 479	78 479	6 796	377	320		
Executive and council													
Finance and administration		11 558	6 216	3 895	68 541	78 479	78 479	78 479	6 796	377	320		
Internal audit													
<b>Community and public safety</b>													
Community and social services													
Sport and recreation													
Public safety													
Housing													
Health													
<b>Economic and environmental services</b>													
Planning and development													
Road transport													
Environmental protection													
<b>Trading services</b>		350 412	288 841	237 382	272 910	267 577	267 577	267 577	195 650	198 557	212 776		
Energy sources													
Water management		325 039	273 242	183 103	182 956	185 274	185 274	185 274	162 979	114 323	119 408		
Waste water management		25 079	26 699	54 279	89 551	62 302	62 302	62 302	32 671	84 234	93 370		
Waste management													
<b>Other</b>													
<b>Total Capital Expenditure - Functions</b>	3	362 370	306 157	241 672	347 948	343 449	343 449	343 449	202 796	199 183	213 946		
<b>Funded by:</b>													
National Government		234 175	304 204	234 887	257 910	247 576	247 576	247 576	195 650	198 557	212 776		
Provincial Government					2 159	4 348	7 646	7 646					
District Municipality													
Other transfers and grants		4 320											
<b>Transfers and subsidies - capital (monetary allocations) (National/Provincial/Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)</b>													
Transfers recognised - capital	4	238 494	304 204	236 986	262 257	255 226	255 226	255 226	195 650	198 557	212 776		
Borrowing	6	105 130	672	63 149	73 149	73 149	73 149	73 149					
Internally generated funds		14 145	1 953	4 034	22 643	16 075	15 075	15 075	6 346	527	1 170		
<b>Total Capital Funding</b>	7	362 370	306 157	241 672	347 948	343 449	343 449	343 449	202 796	199 183	213 946		
<b>References</b>													
1 Municipalities may choose to appropriate for capital expenditure for three years or for one year if one year appropriation projected expenditure required for yr2 and yr3													
2 Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year													
3 Capital expenditure by functional classification must reconcile to the appropriations by vote													
4 Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)													
5 Include finance leases and PPP capital funding component of unitary payment - total borrowing/prepayments to reconcile to changes in Table SA17													
6 Total Capital Funding must balance with Total Capital Expenditure													
8 Include any capitalised interest (MFMA section 46) as part of relevant capital budget													

6 Include finance leases and PPP capital funding component of unitary payment - total borrowing/prepayments to reconcile to changes in Table SA17

7 Total Capital Funding must balance with Total Capital Expenditure

8 Include any capitalised interest (MFMA section 46) as part of relevant capital budget

DC29 iLembe - Table A6 Consolidated Budgeted Financial Position

R thousand	Description	Ref	2016/17			2017/18			2018/19			Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23						
<b>ASSETS</b>																		
<b>Current assets</b>																		
Cash			6 296		75 814		194 932		43 498		48 396		48 396		127 176	100 848	100 493	
Call investment deposits	1				—		28 720		58 517		66 220		66 220		102 130	103 694	116 009	
Consumer debtors	1		101 558		84 820		100 339		181 825		181 343		181 343		289 480	319 854	374 585	
Other debtors			47 461		21 912		24 549				—		—		59 124	47 497	18 551	
Current portion of long-term receivables			—		—		—				—		—		3	7	7	
Inventory	2		13 020		8 200		11 534		9 488		9 488		9 488		15 460	19 183	23 285	
<b>Total current assets</b>			<b>168 334</b>		<b>190 746</b>		<b>360 074</b>		<b>293 328</b>		<b>305 446</b>		<b>305 446</b>		<b>593 372</b>	<b>591 083</b>	<b>632 930</b>	
<b>Non current assets</b>																		
Long-term receivables			21		820		528		—		—		—		411	404	397	
Investments			25 810		27 286				—		—		—					
Investment property			—		—				—		—		—					
Investment in Associate			—		—				—		—		—					
Property, plant and equipment	3		2 259 585		2 398 759		2 532 593		3 146 203		2 794 152		2 794 152		2 823 317	2 940 292	3 068 242	
Biological			390		391		590		391		391		391		590	590	590	
Intangible			5 327		5 247		6 094		13 811		1 014		1 014		5 264	2 129	5 063	
Other non-current assets			206		206		206		206		206		206		206	206	206	
<b>Total non current assets</b>			<b>2 291 339</b>		<b>2 432 709</b>		<b>2 540 011</b>		<b>3 160 611</b>		<b>2 795 763</b>		<b>2 795 763</b>		<b>2 829 787</b>	<b>2 943 620</b>	<b>3 074 497</b>	
<b>TOTAL ASSETS</b>			<b>2 459 673</b>		<b>2 623 456</b>		<b>2 900 084</b>		<b>3 453 939</b>		<b>3 101 209</b>		<b>3 101 209</b>		<b>3 423 159</b>	<b>3 534 704</b>	<b>3 707 427</b>	
<b>LIABILITIES</b>																		
<b>Current liabilities</b>																		
Bank overdraft	1		—		—				—		—		—					
Borrowing	4		5 476		8 253		40 128		26 371		6 766		6 766		6 766	33 867	34 378	16 036
Consumer deposits			5 388		5 252		5 375		5 252		5 252		5 252		5 436	5 631	5 836	
Trade and other payables	4		237 678		252 650		341 461		65 704		83 163		83 163		120 246	209 424	313 639	
Provisions			14 619		739		1 495		2 089		2 089		2 089		28 447	28 024	27 762	
<b>Total current liabilities</b>			<b>263 160</b>		<b>266 894</b>		<b>388 459</b>		<b>99 416</b>		<b>97 269</b>		<b>97 269</b>		<b>187 996</b>	<b>277 458</b>	<b>363 273</b>	
<b>Non current liabilities</b>																		
Borrowing			79 373		72 851		38 226		96 184		106 332		106 332		106 332	65 463	31 084	15 048
Provisions			7 764		10 970		12 068		10 885		87 412		87 412		87 412	81 506	83 861	86 780
<b>Total non current liabilities</b>			<b>87 138</b>		<b>83 822</b>		<b>50 294</b>		<b>107 069</b>		<b>193 744</b>		<b>193 744</b>		<b>193 744</b>	<b>146 969</b>	<b>114 945</b>	<b>101 828</b>
<b>TOTAL LIABILITIES</b>			<b>350 298</b>		<b>350 716</b>		<b>438 753</b>		<b>206 485</b>		<b>291 014</b>		<b>291 014</b>		<b>291 014</b>	<b>334 965</b>	<b>392 403</b>	<b>465 102</b>
<b>NET ASSETS</b>	5		<b>2 109 375</b>		<b>2 272 740</b>		<b>2 461 331</b>		<b>3 247 454</b>		<b>2 810 196</b>		<b>2 810 196</b>		<b>2 810 196</b>	<b>3 088 194</b>	<b>3 142 301</b>	<b>3 242 326</b>
<b>COMMUNITY WEALTH/EQUITY</b>																		
Accumulated Surplus/(Deficit)			2 109 375		2 272 740		2 461 331		3 247 454		2 810 196		2 810 196		2 810 196	3 088 194	3 142 301	3 242 326
Reserves	4		—		—		—		—		—		—		—	—	—	—
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5		<b>2 109 375</b>		<b>2 272 740</b>		<b>2 461 331</b>		<b>3 247 454</b>		<b>2 810 196</b>		<b>2 810 196</b>		<b>2 810 196</b>	<b>3 088 194</b>	<b>3 142 301</b>	<b>3 242 326</b>
<b>References</b>																		
1. Detail to be provided in Table SA3																		
2. Include completed low cost housing to be transferred to beneficiaries within 12 months																		
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)																		
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.																		
5. Net assets must balance with Total Community Wealth/Equity																		

1. Detail to be provided in Table SA3

2. Include completed low cost housing to be transferred to beneficiaries within 12 months

3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)

4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.

5. Net assets must balance with Total Community Wealth/Equity

DC29 iLembe - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework						
					R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>															
<b>Receipts</b>															
Property rates									—	—	—				
Service charges		104 613	107 174	138 078		152 016	143 635	143 635	143 635	202 041	259 481	272 979			
Other revenue		9 271	25 655	60 222		32 716	30 384	30 384	30 384	156 270	158 979	167 259			
Transfers and Subsidies - Operational	1	385 967	502 725	532 222		643 116	674 982	674 982	674 982	644 214	718 054	776 381			
Transfers and Subsidies - Capital	1	394 277	332 503	366 720		296 596	254 653	254 653	254 653	225 228	228 341	244 693			
Interest		3 108	8 360	13 105		35 073	33 393	33 393	33 393	14 761	15 565	16 415			
Dividends							—	—	—	—	—	—			
<b>Payments</b>															
Suppliers and employees		(520 519)	(528 716)	(837 476)		(734 750)	(981 290)	(981 290)	(981 290)	(1 031 883)	(921 274)	(994 065)			
Finance charges		(9 977)	(10 566)	(8 155)		(12 403)	(11 357)	(11 357)	(11 357)	(12 691)	(10 938)	(9 591)			
Transfers and Grants	1	(7 363)				(33 814)	—	—	—	—	—	—			
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>359 377</b>	<b>437 135</b>	<b>264 717</b>		<b>378 550</b>	<b>144 400</b>	<b>144 400</b>	<b>144 400</b>	<b>197 939</b>	<b>448 208</b>	<b>474 069</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>															
<b>Receipts</b>															
Proceeds on disposal of PPE		199					—	—	—	—	—	—			
Decrease (increase) in non-current receivables				89 306		62 067	62 067	62 067	62 067	(411)	7	7			
Decrease (increase) in non-current investments		(1 390)	(1 477)	(7 346)		27 146	31 990	31 990	31 990	—	—	—			
<b>Payments</b>															
Capital assets		(362 439)	(338 807)	(217 320)		(347 948)	(270 301)	(270 301)	(270 301)	(202 796)	(199 185)	(213 946)			
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(363 630)</b>	<b>(340 283)</b>	<b>(135 361)</b>		<b>(320 802)</b>	<b>(176 245)</b>	<b>(176 245)</b>	<b>(176 245)</b>	<b>(203 206)</b>	<b>(199 178)</b>	<b>(213 940)</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>															
<b>Receipts</b>															
Short term loans									—	—	—	—			
Borrowing long term/refinancing									—	—	—	—			
Increase (decrease) in consumer deposits									62	195	205				
<b>Payments</b>															
Repayment of borrowing		(25 594)	(27 334)	(10 237)		(52 851)	(48 472)	(48 472)	(48 472)	(37 372)	(33 933)	(34 448)			
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(25 594)</b>	<b>(27 334)</b>	<b>(10 237)</b>		<b>(52 851)</b>	<b>(48 472)</b>	<b>(48 472)</b>	<b>(48 472)</b>	<b>(37 310)</b>	<b>(33 738)</b>	<b>(34 243)</b>			
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(29 847)</b>	<b>69 518</b>	<b>119 118</b>		<b>4 897</b>	<b>(80 317)</b>	<b>(80 317)</b>	<b>(80 317)</b>	<b>(42 578)</b>	<b>215 292</b>	<b>225 887</b>			
Cash/cash equivalents at the year begin:	2	36 143	6 296	75 814		73 126	194 932	194 932	194 932	271 473	228 895	444 187			
Cash/cash equivalents at the year end:	2	6 296	75 814	194 932		78 023	114 616	114 616	114 616	228 895	444 187	670 073			

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less

3. The MTREF is populated directly from SA30.

Total receipts	897 435	976 417	1 199 653	1 159 517	1 199 113	1 199 113	1 199 113	1 199 113	1 242 102	1 380 427	1 477 733
Total payments	(900 298)	(878 089)	(1 062 951)	(1 128 915)	(1 262 947)	(1 262 947)	(1 262 947)	(1 262 947)	(1 247 369)	(1 131 397)	(1 217 603)
	(2 863)	98 328	136 702	30 602	(63 834)	(63 834)	(63 834)	(63 834)	(5 267)	249 030	260 130
Borrowings & investments & c.deposits	(1 390)	(1 477)	(7 346)	27 146	31 990	31 990	31 990	31 990	62	195	205
Repayment of borrowing	(25 594)	(27 334)	(10 237)	(52 851)	(48 472)	(48 472)	(48 472)	(48 472)	(37 372)	(33 933)	(34 448)
	(29 847)	69 518	119 118	4 897	(80 317)	(80 317)	(80 317)	(80 317)	(42 578)	215 292	225 887
	—	—	—	(0)	—	—	—	—	—	—	—

## DC29 iLembe - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework			
		R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Cash and investments available</b>												
Cash/cash equivalents at the year end	1	6 296	75 814	194 932	78 023	114 616	114 616	114 616	228 895	444 187	670 073	
Other current investments > 90 days		0	(0)	28 720	23 992	(33 814)	(33 814)	(33 814)	411	(239 644)	(453 571)	
Non current assets - Investments	1	25 810	27 286	-	-	-	-	-	-	-	-	
<b>Cash and investments available:</b>		<b>32 105</b>	<b>103 100</b>	<b>223 652</b>	<b>102 015</b>	<b>80 802</b>	<b>80 802</b>	<b>80 802</b>	<b>229 306</b>	<b>204 542</b>	<b>216 502</b>	
<b>Application of cash and investments</b>												
Unspent conditional transfers		6 796	16 611	90 221	-	-	-	-	-	-	-	
Unspent borrowing		-	-	-	-	(80 770)	(80 770)	(80 770)	-	-	-	
Statutory requirements	2	-	-	-	-	(38 161)	(38 161)	(38 161)	-	-	-	
Other working capital requirements	3	133 050	153 233	119 519	(63 619)							
Other provisions		-	-	-	-	-	-	-	-	-	-	
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-	
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-	
<b>Total Application of cash and investments:</b>		<b>139 846</b>	<b>169 844</b>	<b>209 740</b>	<b>(63 619)</b>	<b>(118 931)</b>	<b>(118 931)</b>	<b>(118 931)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Surplus(shortfall)</b>		<b>(107 740)</b>	<b>(66 744)</b>	<b>13 912</b>	<b>165 634</b>	<b>199 733</b>	<b>199 733</b>	<b>199 733</b>	<b>199 733</b>	<b>229 306</b>	<b>204 542</b>	<b>216 502</b>

### References

1. Must reconcile with *Budgeted Cash Flows*
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

#### Other working capital requirements

Debtors	97 832	82 806	119 417	129 323	119 873	119 873	119 873	432 999	504 948	538 067
Creditors due	230 882	236 039	238 936	65 704	83 163	83 163	83 163	120 246	209 424	313 639
Total	(133 050)	(153 233)	(119 519)	63 619	36 710	36 710	36 710	312 753	295 524	224 428

### Debtors collection assumptions

Balance outstanding - debtors	149 039	107 552	125 416	181 825	181 343	181 343	181 343	349 014	367 755	393 533
Estimate of debtors collection rate	65.6%	77.0%	95.2%	71.1%	66.1%	66.1%	66.1%	124.1%	137.3%	136.7%

### Long term investments committed

Balance (*Insert description; eg sinking fund*)

#### Reserves to be backed by cash/investments

RESERVES to be backed by cash investments

Housing Development Fund - - - - -  
Capital replacement - - - - -  
Self-insurance - - - - -  
Other (list) - - - - -

DC29 iLembe - Table A9 Consolidated Asset Management

<b>Total Upgrading of Existing Assets</b>	6	-	10 255	1 644	14 183	-	13 859	35 545	24 878	
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Water Supply Infrastructure</i>	-	4 106	416	7 652	5 768	5 768	-	8 966	19 189	
<i>Sanitation Infrastructure</i>	-	6 150	1 223	6 087	1 099	1 099	10 739	26 478	5 609	
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Information and Communication Infrastructure</i>	-	-	-	360	-	-	3 000	-	-	
<b>Infrastructure</b>	-	10 255	1 639	14 099	6 867	6 867	13 739	35 445	24 798	
Community Facilities	-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	
<b>Community Assets</b>	-	-	-	-	-	-	-	-	-	
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	-	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	
<b>Other Assets</b>	-	-	-	-	-	-	-	-	-	
<i>Biological or Cultivated Assets</i>	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	6	-	-	-	-	-	-	
<i>Intangible Assets</i>	-	-	6	-	-	-	-	-	-	
<i>Computer Equipment</i>	-	-	-	-	-	-	-	-	-	
<i>Furniture and Office Equipment</i>	-	-	-	-	-	-	-	-	-	
<i>Machinery and Equipment</i>	-	-	-	84	161	161	120	100	80	
<i>Transport Assets</i>	-	-	-	-	-	-	-	-	-	
<i>Land</i>	-	-	-	-	-	-	-	-	-	
<i>Zoo's, Marine and Non-biological Animals</i>	-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditure</b>	4	362 370	306 157	241 672	347 948	83 487	83 487	202 796	199 185	213 946
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Water Supply Infrastructure</i>	330 266	276 348	181 440	179 458	194 358	194 358	162 979	114 323	119 406	
<i>Sanitation Infrastructure</i>	26 986	29 181	52 119	94 952	62 261	62 261	32 871	84 234	93 370	
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Information and Communication Infrastructure</i>	-	445	-	360	-	-	3 000	-	-	
<b>Infrastructure</b>	357 253	305 974	233 559	274 770	256 618	256 618	198 850	198 557	212 776	
Community Facilities	-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	
<b>Community Assets</b>	-	-	-	-	-	-	-	-	-	
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-	
Operational Buildings	129	-	-	6 148	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	
<b>Other Assets</b>	129	-	-	6 148	-	-	-	-	-	
<i>Biological or Cultivated Assets</i>	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	2 910	-	3 111	1 928	710	710	1 300	-	-	
<i>Intangible Assets</i>	2 910	-	3 111	1 928	710	710	1 300	-	-	
<i>Computer Equipment</i>	-	4	121	300	580	580	100	200	600	
<i>Furniture and Office Equipment</i>	53	91	271	155	451	451	166	177	390	
<i>Machinery and Equipment</i>	11	88	3 938	1 500	4 055	4 055	2 380	250	180	
<i>Transport Assets</i>	2 014	-	672	63 149	74 888	74 888	-	-	-	
<i>Land</i>	-	-	-	-	-	-	-	-	-	
<i>Zoo's, Marine and Non-biological Animals</i>	-	-	-	-	-	-	-	-	-	
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	362 370	306 157	241 672	347 948	83 487	83 487	202 796	199 185	213 946	

<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	2 250 580	2 401 556	2 532 593	3 160 611	2 476 387	2 476 387	2 292 743	2 459 552	2 641 859
<i>Roads Infrastructure</i>					1 975	1 975	1 975			
<i>Storm water Infrastructure</i>						—				
<i>Electrical Infrastructure</i>						—				
<i>Water Supply Infrastructure</i>		2 000 097	2 089 823	2 270 903	2 625 325	2 214 610	2 214 610	2 002 825	2 188 898	2 384 537
<i>Sanitation Infrastructure</i>		222 233	242 326	189 898	377 953	106 253	106 253	142 645	137 995	133 130
<i>Solid Waste Infrastructure</i>					11 260	3 140	3 140			
<i>Rail Infrastructure</i>						—				
<i>Coastal Infrastructure</i>						—				
<i>Information and Communication Infrastructure</i>					360	360				
<i>Infrastructure</i>		2 222 330	2 332 149	2 460 801	3 016 872	2 326 338	2 326 338	2 145 471	2 326 893	2 517 667
<i>Community Assets</i>										
<i>Heritage Assets</i>		206	206	206	206	206	206	206	206	206
<i>Investment properties</i>						—				
<i>Other Assets</i>			25 694	19 897	42 524	25 901	25 901	36 301	33 768	31 117
<i>Biological or Cultivated Assets</i>		11 111	17 586	16 529	17 586	16 529	16 529	590	590	590
<i>Intangible Assets</i>		5 327	4 914	6 094	10 508	1 014	1 014	5 264	2 082	5 063
<i>Computer Equipment</i>			8 615	10 225	987	9 880	9 880	41 411	40 423	39 781
<i>Furniture and Office Equipment</i>		10 272	2 233	3 277	653	3 281	3 281	1 595	1 182	955
<i>Machinery and Equipment</i>		1 335	859	2 780	6 858	9 648	9 648	12 008	11 715	11 326
<i>Transport Assets</i>			6 058	9 542	61 174	80 347	80 347	46 655	39 450	31 912
<i>Land</i>			3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
<i>Zoo's, Marine and Non-biological Animals</i>						—				
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	2 250 580	2 401 556	2 532 593	3 160 611	2 476 387	2 476 387	2 292 743	2 459 552	2 641 859
<b>EXPENDITURE OTHER ITEMS</b>		154 531	142 466	136 785	148 850	132 949	132 949	135 805	142 058	148 600
<i>Depreciation</i>	7	90 431	82 953	106 408	85 912	87 098	87 098	81 631	85 391	89 325
<i>Repairs and Maintenance by Asset Class</i>	3	64 100	59 513	30 376	62 938	45 851	45 851	54 175	56 667	59 274
<i>Roads Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Storm water Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Electrical Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Water Supply Infrastructure</i>		48 765	27 977	17 640	30 781	31 505	31 505	35 924	37 576	39 305
<i>Sanitation Infrastructure</i>		6 451	10 177	2 718	6 925	2 543	2 543	5 680	5 942	6 215
<i>Solid Waste Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Rail Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Coastal Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Information and Communication Infrastructure</i>		—	—	2	2	29	29	89	94	98
<i>Infrastructure</i>		55 216	38 154	20 360	37 708	34 077	34 077	41 693	43 611	45 617
<i>Community Facilities</i>		—	—	777	21	21	21	49	51	54
<i>Sport and Recreation Facilities</i>		—	—	—	—	—	—	—	—	—
<i>Community Assets</i>		—	—	777	21	21	21	49	51	54
<i>Heritage Assets</i>		—	—	—	—	—	—	—	—	—
<i>Revenue Generating</i>		—	—	—	—	—	—	—	—	—
<i>Non-revenue Generating</i>		—	—	—	—	—	—	—	—	—
<i>Investment properties</i>		—	—	—	—	—	—	—	—	—
<i>Operational Buildings</i>		858	2 345	1 120	1 151	500	500	850	889	930
<i>Housing</i>		—	—	—	—	—	—	—	—	—
<i>Other Assets</i>		858	2 345	1 120	1 151	500	500	850	889	930
<i>Biological or Cultivated Assets</i>		—	—	—	—	—	—	—	—	—
<i>Servitudes</i>		—	—	—	—	—	—	—	—	—
<i>Licences and Rights</i>		—	3 811	5 122	5 184	5 459	5 459	5 612	5 870	6 141
<i>Intangible Assets</i>		—	3 811	5 122	5 184	5 459	5 459	5 612	5 870	6 141
<i>Computer Equipment</i>		1 656	133	173	640	636	636	248	260	272
<i>Furniture and Office Equipment</i>		9	3	12	13	9	9	20	21	22
<i>Machinery and Equipment</i>		—	260	314	230	21	21	225	236	247
<i>Transport Assets</i>		6 361	14 806	2 498	17 991	5 127	5 127	5 477	5 728	5 992
<i>Land</i>		—	—	—	—	—	—	—	—	—
<i>Zoo's, Marine and Non-biological Animals</i>		—	—	—	—	—	—	—	—	—
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		154 531	142 466	136 785	148 850	132 949	132 949	135 805	142 058	148 600
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		16.3%	17.1%	18.3%	28.2%	100.0%	100.0%	32.7%	38.6%	25.8%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		65.4%	63.3%	41.6%	114.4%	95.9%	95.9%	81.3%	89.9%	61.9%
<i>R&amp;M as a % of PPE</i>		2.8%	2.5%	1.2%	2.0%	1.6%	1.6%	1.9%	1.9%	1.9%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>		5.0%	5.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%

#### References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Detail of upgrading of existing assets provided in Table SA34e
7. Detail of depreciation provided in Table SA34d

DC29 ILembe - Table A10 Consolidated basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Household service targets</b>	1									
Water:										
Piped water inside dwelling		32 321	38 929	38 959	42 543	42 543	42 543	42 543	42 543	42 543
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min service level)	2	78 849	78 880	78 890	82 824	82 824	82 824	85 824	85 824	85 824
Other water supply (at least min service level)	4	10 280	12 117	12 147	14 613	14 613	14 613	14 613	14 613	14 613
Minimum Service Level and Above sub-total		121 450	129 906	129 906	139 980	139 980	139 980	142 980	142 980	142 980
Using public tap (< min service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min service level)	4	38 497	29 951	12 147	11 117	11 117	11 117	11 117	11 117	11 117
No water supply		38 497	29 951	12 147	11 117	11 117	11 117	11 117	11 117	11 117
Below Minimum Service Level sub-total		38 497	29 951	12 147	11 117	11 117	11 117	11 117	11 117	11 117
Total number of households	5	159 947	159 947	142 103	151 097	151 097	151 097	154 097	154 097	154 097
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		9 138	26 842	12 117	14 613	14 613	14 613	17 613	17 613	17 613
Flush toilet (with septic tank)		6 100	6 460	12 117	14 613	14 613	14 613	14 613	14 613	14 613
Chemical toilet:		-	-	12 117	14 613	14 613	14 613	14 613	14 613	14 613
Pit toilet (ventilated):		81 501	85 220	12 117	14 613	14 613	14 613	14 613	14 613	14 613
Other toilet provisions (> min service level)		-	13 705	12 117	14 613	14 613	14 613	14 613	14 613	14 613
Minimum Service Level and Above sub-total		97 345	132 226	60 585	73 054	73 054	73 054	76 054	76 054	76 054
Bucket toilet		-	-	12 117	12 417	12 417	12 417	12 417	12 417	12 417
Other toilet provisions (< min service level)		-	-	12 117	12 417	12 417	12 417	12 417	12 417	12 417
No toilet provisions		62 602	27 719	57 284	44 712	44 712	44 712	44 712	44 712	44 712
Below Minimum Service Level sub-total		62 602	27 719	6 518	69 546	69 546	69 546	69 546	69 546	69 546
Total number of households	5	159 947	159 947	142 103	142 610	142 610	142 610	145 610	145 610	145 610
Energy:										
Electricity (at least min service level)		19 705	6 728	6 738	7 075	7 075	7 075	7 075	7 075	7 075
Electricity - prepaid (min service level):		25 516	16 626	16 626	17 457	17 457	17 457	17 457	17 457	17 457
Minimum Service Level and Above sub-total		45 624	23 364	23 364	24 532	24 532	24 532	24 532	24 532	24 532
Electricity (< min service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min service level):		-	-	17 669	18 763	18 763	18 763	18 763	18 763	18 763
Other energy sources		12 938	12 938	12 938	13 505	13 585	13 585	13 585	13 585	13 585
Below Minimum Service Level sub-total		12 938	12 938	30 607	32 348	32 348	32 348	32 348	32 348	32 348
Total number of households	5	58 562	36 302	34 171	56 880	56 880	56 880	56 880	56 880	56 880
Refuse:										
Removed at least once a week		30 451	-	31 119	32 675	32 675	32 675	32 675	32 675	32 675
Removed less frequently than once a week		30 451	-	31 119	32 575	32 675	32 675	32 675	32 675	32 675
Using communal refuse dump		153	31 105	31 105	32 604	32 604	32 604	32 604	32 604	32 604
Using own refuse dump		12 194	16 700	16 700	15 200	15 200	15 200	15 200	15 200	15 200
Other rubbish disposal		189	189	189	139	139	139	139	139	139
No rubbish disposal		-	-	2 351	1 151	1 151	1 151	1 151	1 151	1 151
Below Minimum Service Level sub-total		12 535	50 346	50 346	49 054	49 054	49 054	49 054	49 054	49 054
Total number of households	5	43 003	50 346	61 465	81 769	81 769	81 769	81 769	81 769	81 769
Households receiving Free Basic Service	7									
Water (5 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	1 876	1 876	1 970	1 970	1 970	1 970	1 970	1 970
Refuse (removed at least once a week)		-	23 700	23 700	24 685	24 685	24 685	24 685	24 685	24 685
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per Indigent household per month)		20 545	637	313	1 918	620	620	2 554	2 706	2 870
Sanitation (no sanitation service to Indigent households)		-	-	606	4 354	629	629	1 520	1 653	1 753
Electricity/other energy (50kwh per Indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for Indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of PBS provided		20 548	437	31 184	43 356	34 304	33 304	41 123	41 370	41 631
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (5 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (5 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average kgs per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidized services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates, exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Water (in excess of 5 kilolitres per Indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to Indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per Indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for Indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided		-	-	-	-	-	-	-	-	-

References

- Include services provided by another entity e.g. Eskom
- Stand distance < 200m from dwelling
- Stand distance > 200m from dwelling
- Borehole, spring, rain-water tank etc
- Must agree to total number of households in municipal area (informal settlements receiving services must be included).
- Include value of subsidy provided by municipality above provincial subsidy level
- Show number of households receiving at least these levels of services completely free (informal settlements must be included)
- Must reflect the cost to the municipality of providing the Free Basic Service
- Reflect the cost to the municipality in terms of revenue foregone of providing free services (note this will not equal 'Revenue Foregone' on SA1)

DC29 iLembe - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
<b>R thousand</b>											
<b>Parent municipality</b>											
Securities - National Government											
Listed Corporate Bonds											
Deposits - Bank		27 286		28 720	58 517	58 517	58 517	102 130	103 694	116 009	
Deposits - Public Investment Commissioners											
Deposits - Corporation for Public Deposits											
Bankers Acceptance Certificates											
Negotiable Certificates of Deposit - Banks											
Guaranteed Endowment Policies (sinking)											
Repurchase Agreements - Banks											
Municipal Bonds											
<b>Municipality sub-total</b>	<b>1</b>	<b>–</b>	<b>27 286</b>	<b>28 720</b>	<b>58 517</b>	<b>58 517</b>	<b>58 517</b>	<b>102 130</b>	<b>103 694</b>	<b>116 009</b>	
<b>Entities</b>											
Securities - National Government											
Listed Corporate Bonds											
Deposits - Bank		7	6 019	5 144	5 256	5 256	5 256	6 191			
Deposits - Public Investment Commissioners											
Deposits - Corporation for Public Deposits											
Bankers Acceptance Certificates											
Negotiable Certificates of Deposit - Banks											
Guaranteed Endowment Policies (sinking)											
Repurchase Agreements - Banks											
<b>Entities sub-total</b>	<b>7</b>	<b>6 019</b>	<b>5 144</b>		<b>5 256</b>	<b>5 256</b>	<b>5 256</b>	<b>6 191</b>	<b>–</b>	<b>–</b>	
<b>Consolidated total:</b>	<b>7</b>	<b>33 305</b>	<b>33 864</b>		<b>63 773</b>	<b>63 773</b>	<b>63 773</b>	<b>108 321</b>	<b>103 694</b>	<b>116 009</b>	

**References**

1 Total investments must reconcile to Budgeted Financial Position ('current' call: investment deposits plus 'non-current' investments)

DC29 iLembe - Supporting Table SA18 Transfers and grant receipts

R thousand	Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1 2										
<b>Operating Transfers and Grants</b>											
National Government:											
Local Government Equitable Share	390 006		460 250	515 603		593 808	621 067	621 067	608 846	680 262	736 132
Finance Management	374 582		419 734	468 670		516 503	516 503	516 503	566 794	623 486	680 793
DEPT OF LABOUR UIF GRANT	1 250		1 250	1 000		1 000	1 000	1 000	1 000	1 000	1 000
WSIG OPERATING Funded (VIP TOILETS)	4 000		10 000	—		40 880	50 297	50 297	—	—	—
WSIG OPERATING Funded (VIP TOILETS)							10 000	10 000	—	—	—
Rural Transport Services and Infrastructure	2 174		2 266	2 271		2 406	2 406	2 406	2 291	2 417	2 557
Energy Efficiency and Demand Management				—		7 000	10 000	10 000	3 000	3 000	—
EPWP OPERATING GRANT			1 000	1 731		2 019	2 019	2 019	4 746	—	—
DISATSER COVID 19 GRANT - OPEX			—	13 781			389	389			
MIG OPERATING Funded (VIP TOILETS)	8 000		26 000	21 150		21 000	27 702	27 702	19 465	26 400	26 400
Provincial Government:			—	—	15 000		550	10 004	10 004	4 463	—
Development Planning Shared Services - COGTA					10 000		550	550	550		
KZN COGTA GRANT - Wi_Fi, Biomass, Mini Factor							5 949	5 949			
YEP OPEX							856	856			
District Imagery Grant							1 000	1 000			
Spatial Dev. Framework Grant							650	650			
SIBHUDU CAVES AND KWASHUSHU HOTSPRIN				1 200			1 000	1 000			
CORRIDOR DEVELOPMENT PROGRAMME				1 000						4 463	
MICT SETA											
RASET PROGRAMME - OPEX				2 800							
LED											
District Municipality:			—	—	—		—	—	—	—	—
<i>[insert description]</i>											
Other grant providers:			—	—	700		—	1 320	1 320	—	—
Section 21 Schools: National Schools Nutrition Programme							82	82			
MICT SETA			700				788	788			
SIBHUDU CAVES AND KWASHUSHU HOTSPRING - MAP CONTRIBUTION			350				450	450			
NATIONAL LOTTERIES BOARD											
MICT SETA - ENTERPRISE ILEMBE											
Total Operating Transfers and Grants	5	390 006	460 250	531 303		594 358	632 391	632 391	613 309	680 262	736 132
<b>Capital Transfers and Grants</b>											
National Government:											
Municipal Infrastructure Grant (MIG)	366 786		391 626	343 298		301 596	281 351	261 351	225 228	228 341	244 603
Rural Transport Services and Infrastructure	178 984		176 126	167 353		171 596	164 894	164 894	171 778	182 300	195 075
Regional Bulk Infrastructure	127 452		145 000	75 446		35 000	35 000	35 000			
EPWP	1 850		—	—							
Energy Efficiency and Demand Side Management Grant			6 000	—							
WSIG	56 500		62 500	100 500		90 000	61 249	61 249	53 450	46 041	49 618
YEP GRANT PROJECTS						5 000	—	—	207	207	
DISASTER COVID19 CAPEX							207	207			
Provincial Government:			—	—	—		7 000	7 000	—	—	—
YEP GRANT PROJECTS							5 000	5 000			
SPECIALIZED FIRE AND RESCUE VEHICLE							2 000	2 000			
MASSIFICATION											
District Municipality:			10 817	—	—		—	—	—	—	—
KwaDukuza Municipality MIG Transfer			10 817				—	—			
Ndwedwe Town Development - (incl rollover)			10 817				—	—			
Other grant providers:			—	—	—		—	—	—	—	—
Total Capital Transfers and Grants	5	377 603	391 626	343 298		301 596	268 351	268 351	225 228	228 341	244 693
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		767 609	851 876	874 602		895 054	900 741	900 741	838 537	906 603	980 825

**References**

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
2. Amounts actually RECEIVED: not revenue recognised (objective is to confirm grants transferred)
3. Replacement of RSC levies
4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
5. Total transfers and grants must reconcile to Budgeted Cash Flows
6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

DC29 iLembe - Supporting Table SA19 Expenditure on transfers and grant programme

R thousand	Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
EXPENDITURE:	1										
<u>Operating expenditure of Transfers and Grants</u>											
National Government:											
Local Government Equitable Share	392 777		441 250	513 842	593 808	621 067	621 067	608 846	680 262	736 132	
Finance Management	374 582		419 734	466 600	516 503	516 503	516 503	566 794	623 486	680 793	
Water Services Operating Subsidy	1 250		1 250	1 250	1 000	1 000	1 000	1 000	1 000	1 000	
Rural Transport Services and Infrastructure	2 895										
Energy Efficiency and Demand Management	2 050		2 266		2 406	2 406	2 406	2 291	2 417	2 557	
EPWP OPERATING PROJECTS					7 000	10 000	10 000	3 000	3 000		
WSIG OPERATING Funded (VIP TOILETS)		4 000			1 000	2 019	2 019	4 746			
WSIG OPERATING Funded (water conservation demand)						10 000	10 000				
MIG OPERATING Funded (VIP TOILETS)	8 000		18 000	23 992	21 000	27 702	27 702	11 650	23 959	25 382	
Rural Housing Grant								751	751		
DEPT OF LABOUR UIF GRANT					11 999	40 880	50 297				
DISATSER COVID 19 GRANT - OPEX						389	389				
Provincial Government:									4 463	-	-
Development: Planning Shared Services - COSTA					4 350	550	10 004	10 004			
LED						550	550				
Spatial Dev Framework Grant						1 000	1 000				
District imagery Grant						650	650				
RASET PROGRAMME - OPEX					676						
KZN COGTA GRANT -Wi_Fi Biomass Mini Factories					3 674		5 949	5 949			
COGTA - Biomass											
YEP OPEX							856	856			
MICT SETA									4 463		
MIG OPERATING Funded (VIP TOILETS)											
District Municipality:											
<i>[insert description]</i>											
Other grant providers:											
Section 21 Schools: National Schools Nutrition Programme					698	-	1 320	1 320	-	-	-
MICT SETA							82	82			
SIBHUDU CAVES AND KWASHUSHU HOTSPRING - MAP CONTRIBUTION					698		788	788			
LG Sets							450	450			
Total operating expenditure of Transfers and Grants:	392 777		441 250	518 689	584 358	632 391	632 391	613 309	680 262	736 132	
<u>Capital expenditure of Transfers and Grants</u>											
National Government:											
Municipal Infrastructure Grant (MIG)	302 696		392 626	279 286	301 596	261 351	261 351	225 228	228 341	244 693	
Rural Transport Services and Infrastructure	195 027		178 126	167 353	171 596	164 894	164 894	171 778	182 300	195 075	
Regional Bulk Infrastructure	-		-	-							
Energy Efficiency and Demand Side Management Grant	125 093		145 000	62 968	35 000	35 000	35 000	-	-		
WSIG	63 796		62 500	48 965	90 000	61 249	61 249	53 450	46 041	49 618	
YEP GRANT PROJECT				-	5 000	207	207				
EPWP			1 782	1 000							
MSIG			-	-							
MWIG			-	-							
DSW Drought Relief Grant											
Provincial Government:					5 169	-	7 000	7 000	-	-	-
YEP GRANT PROJECTS							5 000	5 000			
SPECIALIZED FIRE AND RESCUE VEHICLE					5 169		2 000	2 000			
MASSIFICATION											
District Municipality:			4 925	-	-	-	-	-	-	-	-
<i>KwaDukuza Municipality MIG Transfer</i>											
<i>Ntwerwe Town Development - final rollover</i>	4 925										
Other grant providers:											
MAPHUMULO TOWN WATERBORNE SANITATION											
SASA											
Total capital expenditure of Transfers and Grants	387 623		392 626	284 455	301 596	268 351	268 351	225 228	228 341	244 693	
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>780 400</b>		<b>833 876</b>	<b>803 344</b>	<b>895 954</b>	<b>900 741</b>	<b>900 741</b>	<b>838 537</b>	<b>908 603</b>	<b>980 825</b>	

**References**

1. Expenditure must be separately listed for each transfer or grant received or recognised

DC29 iLembe - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2020/21											Medium Term Revenue and Expenditure Framework					
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1/2021/22	Budget Year +2/2022/23		
<b>Cash Receipts By Source</b>													1	1	1		
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Service charges - electricity revenue	11 697	11 697	11 697	11 697	11 697	11 697	11 697	11 697	11 697	11 697	11 697	11 697	143 890	183 766	193 379		
Service charges - water revenue	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	6 311	58 152	75 715		
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	22	22	23		
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	23	24	24		
Interest earned - external investments	938	938	938	938	938	938	938	938	938	938	938	938	4 438	14 781	15 565		
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Fines, penalties and forfeits	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33		
Licenses and permits	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2		
Agency services	435	435	435	435	435	435	435	435	435	435	435	435	(2 644)	1 249	2 277		
<b>Transfers and Subsidies - Operational</b>	267 131	1 030	-	7 394	207 126	1 146	1 337	1 588	480	-	-	0	644 214	718 054	776 381		
Other revenue	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667	153 677	156 231	164 345		
<b>Cash Receipts by Source</b>	291 616	25 485	24 485	31 880	231 612	25 631	26 422	209 632	24 485	51 152	50 401	1 017 285	1 152 079	1 233 033			
<b>Other Cash Flows by Source</b>																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	89 391	-	-	22 271	57 259	-	-	56 307	-	-	-	-	225 228	228 341	244 693		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	62	62	62		
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	(411)	(411)	7		
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7		
<b>Total Cash Receipts by Source</b>	381 007	25 485	24 485	54 151	288 871	25 631	26 422	265 939	24 485	51 152	50 051	1 242 164	1 380 622	1 477 938			
<b>Cash Payments by Type</b>																	
Employee related costs	21 363	21 363	34 816	21 363	21 363	21 363	21 363	21 363	21 363	21 363	21 363	21 363	269 813	291 947	311 535		
Remuneration of councillors	923	823	823	823	823	823	1 143	855	855	954	954	954	855	10 656	11 383	12 161	
Finance charges	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	12 691	10 938	9 591	
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases - Water & Sewer	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	219 000	240 900	264 950	
Other materials	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	13 046	13 647	14 275	
Contracted services	11 592	14 109	12 966	9 539	7 254	22 106	9 539	7 254	22 106	9 539	7 254	22 106	9 539	28 366	161 621	165 242	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	39 082	27 582	26 434	8 991	6 996	21 615	8 991	6 996	21 615	8 991	6 996	21 615	6 686	28 318	211 708	141 858	
<b>Cash Payments by Type</b>	93 355	84 272	81 982	61 211	69 984	86 302	61 431	56 563	86 334	61 243	56 563	56 563	56 563	99 297	898 555	872 295	926 379
<b>Other Cash Flows/Payments by Type</b>																	
Capital assets	16 887	16 937	16 887	16 887	16 887	16 887	16 887	16 887	16 887	16 887	16 887	16 887	16 887	202 795	189 185	213 946	
Repayment of borrowing	4 123	2 927	2 927	2 927	2 927	5 774	2 927	2 927	2 927	2 927	2 927	2 927	2 882	1 312	37 372	34 448	
Other Cash Flows/Payments	76 569	14 051	-	-	-	-	-	-	-	-	-	-	-	55 418	146 038	59 917	
<b>Total Cash Payments by Type</b>	190 934	118 137	101 846	81 025	89 798	109 053	81 246	76 332	106 103	81 012	76 332	76 332	76 332	1 284 741	1 165 330	1 252 051	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	190 073	(92 652)	(77 361)	(56 540)	(35 647)	179 808	(55 615)	(49 910)	159 836	(56 527)	(25 180)	(25 180)	(25 180)	(122 882)	215 232	225 887	
Cash/cash equivalents at the month/year begin:	271 473	461 546	365 894	291 533	234 993	199 346	323 538	323 538	323 538	323 538	323 538	323 538	323 538	376 937	351 757	444 187	
Cash/cash equivalents at the month/year end:	461 546	365 894	291 533	234 993	199 346	199 346	234 993	234 993	234 993	234 993	234 993	234 993	234 993	228 895	228 895	670 073	
References																	

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure. However for the MTREF it is now directly linked to A7.

DC29 Lembe - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Therapies										
Libraries										
Crematoria/Cremations										
Parks										
Public Open Space										
Nature Reserves										
Public Aviation Facilities										
Markets										
Stalls										
Auctions										
Airports										
Taxi/Rents/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities										
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
<b>Heritage assets</b>										
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>										
Revenue Generating										
Improved Property										
Unimproved Property										
Non-revenue Generating										
Improved Property										
Unimproved Property										
<b>Other assets</b>	653	2 345	1 120	1 151	500	500	850	829	930	
Operational Buildings	650	2 345	1 120	1 151	500	500	850	829	930	
Municipal Offices	650	2 345	1 120	1 151	500	500	850	829	930	
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing										
Staff Housing										
Social Housing										
Capital Spares										
<b>Biological or Cultivated Assets</b>										
Geological or Cultivated Assets										
<b>Intangible Assets</b>										
Licences and Rights										
Water Rights										
Effluent Licences										
Solid Waste Licences										
Computer Software and Applications	3 811	5 122	5 184	5 450	5 450	5 612	5 870	6 141		
Land Settlement Software Applications										
Unspecified										
Computer Equipment	1 656	133	173	640	636	636	248	260	272	
Computer Equipment	1 656	133	173	640	636	636	248	260	272	
<b>Furniture and Office Equipment</b>	9	3	12	13	9	9	20	21	22	
Furniture and Office Equipment	9	3	12	13	9	9	20	21	22	
<b>Machinery and Equipment</b>										
Machinery and Equipment										
<b>Transport Assets</b>	6 361	14 806	2 495	17 091	5 127	5 127	5 477	5 726	5 902	
Transport Assets	6 361	14 806	2 495	17 091	5 127	5 127	5 477	5 726	5 902	
Land										
Land										
<b>Zoos, Marine and Non-biological Animals</b>										
Zoos, Marine and Non-biological Animals										
<b>Total Repairs and Maintenance Expenditure</b>	1	64 100	50 513	30 376	62 926	45 851	45 851	54 175	56 657	59 274
<b>R&amp;M as % of PPE</b>	2.6%	2.5%	1.2%	2.0%	1.6%	1.6%	1.9%	2.0%	2.0%	
<b>R&amp;M as % Operating Expenditure</b>	10.5%	8.8%	3.8%	7.4%	4.8%	4.8%	5.7%	6.2%	6.0%	
<b>References</b>										

1 Total Repairs and Maintenance Expenditure by Asset Category and records to total repairs and maintenance expenditure on Table S41

	Actual Balance	0	(0)	-	-	-	-	-	-
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Erster Preiswettbewerb  
KUNSTHAUS ZÜRICH  
ERIKO HIRANO  
KUNSTHAUS ZÜRICH  
ERIKO HIRANO





# ANNEXURE - B

**DRAFT 2020/2021 SEWER TARIFF OF CHARGES**

**Sewer Tariff to be calculated on the market value of the property reflected in the KwaDukuza, Mandeni, Ndwendwe & Maphumulo Municipality's valuation roll as follows:**

2019/20	2020/21	Type of Property
0.0006732 cents in the rand on the market value	0.0007378 cents in the rand on the market value	In respect of agricultural properties.
0.005412 cents in the rand on the market value	0.005932 cents in the rand on the market value	In respect of residential properties including sectional title units.
0.018086 cents in the rand on the market value	0.019822 cents in the rand on the market value	In respect of industrial, business and commercial properties.
0.0224027 cents in the rand on the market value	0.024553 cents in the rand on the market value	In respect of schools and properties used for worship or by welfare organisations. Religious entities with a max of R540.35
0.0224027 cents in the rand on the market value	0.024553 cents in the rand on the market value	In respect of vacant properties.
0.335313 cents in the rand on the market value	0.367503 cents in the rand on the market value	In respect of state owned properties and public service infrastructure properties.
0.335313 cents in the rand on the market value	0.367503 cents in the rand on the market value	In respect of any other property not mentioned above.
<b>NOTWITHSTANDING THE ABOVE THE MAXIMUM INCREASE OVER AND ABOVE THE TARIFF CHARGED IN 2020/21 WILL BE CAPPED AT 30% – USING MARKET VALUE</b>		
<b>TO CALCULATE THE SEWER TARIFFS THE VALUE IN THE VALUATION ROLL AS AT 30 JUNE EACH YEAR WILL BE USED. NO ADJUSTMENTS MADE TO VALUATIONS DURING THE YEAR WILL BE UTILISED TO AMEND THE SEWER TARIFF. THE ADJUSTMENTS WILL ONLY BE MADE AT 30th JUNE FOLLOWING THE ADJUSTMENT.</b>		
Type of Property	2019/20	2020/21
Sewered properties above R5 million in the valuation rolls.	Previous 12 months average (billed) sanitation levy + 30%	Previous 12 months billed average - sanitation levy + 30%
Sewered properties not included in the valuation rolls.	0.335313 cents in the rand on the market value	Charge availability charge till a valuation is obtained. Back charge from valuation date.
Included in the Tariff Policy		
<b><i>Note: All amounts above are excluding VAT</i></b>		